



HIGHLIGHTS GOVERNING COUNCIL MEETING AHA Section for Small or Rural Hospitals June 4-5, 2009 ★ Denver, CO

The governing council of the AHA Section for Small or Rural Hospitals met June 4-5, 2009 in Denver, CO. Governing council members received updates on AHA's recent Board meeting, AHA's commitment to health care reform, and the political and regulatory environment in Washington, DC. Members discussed policy options for comparative effectiveness research, bundled payments, health information technology and managing under the recession. A roster of the Section's governing council is at [http://www.aha.org/aha/member-center/constituency-sections/Small or Rural/roster.html](http://www.aha.org/aha/member-center/constituency-sections/Small%20or%20Rural/roster.html).



AHA Board Liaison Report: Raymond Hino, CEO, Mendocino Coast District Hospital, Fort Bragg, CA and AHA Board liaison to the Section governing council updated members on AHA meetings with White House staff and health groups related to bending the health care cost curve. The AHA will be working to fulfill the hospital sector's promise to the Administration to outline concrete ideas for achieving the cost containment goals. Mr. Hino also reviewed the agenda from the April 25 Board meeting of the AHA Board of Trustees, which focused on several public policy issues

related to health reform/*Health for Life* including readmissions, comparative effectiveness, a potential public plan, and health information technology. He reviewed the AHA Board's approval of The Joint Commission's revisions to the hospital medical staff standard MS.01.01, which identifies the required elements of medical staff bylaws and associated rules, regulations and policies and that the standard be sent for field review. For more information on the AHA Board visit the AHA's Web site at <http://www.aha.org/aha/about/Organization/index.html>.



Hospitals in Pursuit of Excellence: As the AHA works to fulfill the hospital sector's commitment to the Administration to develop concrete ideas to achieve cost containment goals Barbara Lorschbach, AHA senior vice president and executive staff liaison to the Small or Rural Governing Council reviewed a draft document that outlined actions that hospitals can take in the immediate term to bend the cost curve. It also proposed

specific changes in policy that would remove existing barriers to clinical integration and improve administrative efficiency. She explained that the AHA will work with the state and regional hospital associations and other stakeholder groups to design and implement the *Hospitals in Pursuit of Excellence Campaign*. Members were supportive of the recommendations and many already have implemented some if not all. For more information on AHA's Health Reform efforts visit <http://www.aha.org/aha/advocacy/health-reform.html>.



Comparative Effectiveness Research: The American Recovery and Reinvestment Act of 2009 (ARRA) created a Federal Coordinating Council for Comparative Effectiveness Research (CER) and provided \$1.1 billion for such research. Congress and the Administration have proposed several options to establish a permanent framework for CER. The AHA strongly supports CER as an important component in reforming America's health delivery system and a key mechanism to improving quality, eliminating variation, and reducing health care costs. Staff updated council members on AHA's efforts and asked for comments to a set of draft principles on CER. There was broad agreement on the principles for CER and members agreed that if properly implemented it would decrease cost and increase quality. However, the focus of CER must be on outcomes and not payment and there must be flexibility for low-volume providers if used to make coverage or payment decisions.



Washington Update: Members were briefed on the current political environment, legislative initiatives and AHA's overall advocacy agenda and policy strategy. Members were apprised of the Administration's priorities for labor issues and health reform. They were oriented to AHA's strategy on policies to advance, shape, protect, and renew efforts to assist hospitals with reforms. Members were briefed on the health reform proposals being advanced by Congress and in particular the Senate Finance and Health, Education, Labor and Pensions Committees. They were advised as to how reform might be financed and where hospitals might be vulnerable. Members were updated on the status of the rural hospital advocacy agenda and measures introduced by Congress and were oriented to the AHAPAC and its goals for this session. Members were supportive of AHA's strategies, but were concerned about labor issues and cuts to hospitals to fund health care reform. Members recommended that any increase in GME slots go to primary care and general surgeons in underserved areas, especially rural. Members were wary of proposed cuts to DSH and several were frustrated by the stimulus funding for FMAP and the absence of maintenance of effort by states to maintain their fiscal year 2009 funding levels. Members were apprised of the CMS proposed rule for IPPS and issues regarding payment updates, documentation and coding offset, market basket rebasing, quality reporting, wage index neutrality, reclassification criteria, and CAH provisions. Members also received an update on HIT incentives, physician supervision and CRNA standby costs. For more, visit <http://www.aha.org/aha/advocacy>.



Long-term Payment Reform – Bundling: The Administration and Congress have released proposals that seek to combine hospital and post-acute care services in a payment bundle to encourage greater coordination of care among providers and to achieve cost savings in the health care system. Staff briefed council members on the proposals and asked how a bundled payment approach may be constructed and any barriers to implementation. Members remarked that bundling requires a comprehensive payment infrastructure that is supported by IT and is aligned with physicians. Members were presented scenarios for bundled payments and asked to comment. Members were very anxious about the prospects of bundling because of the variation in the way in which providers will be contracted and the responsibility of managing cash flow as part of a bundle. While it was possible that some hospitals or health systems may be able to coordinate bundled payments, the timeline to implement bundling would vary depending upon a hospital's clinical integration and information systems.



Health Information Technology: The ARRA provides about \$17 billion in incentives for hospitals and physicians that become "meaningful users" of certified EHR technology. Penalties are applied to those who do not adopt HIT by 2015. AHA has worked with the Department of Health and Human Services to seek clarification on several details and to provide input as rules are being developed. Staff briefed council members on these activities and asked for additional input on some of the key HIT provisions in the ARRA. Members are supportive of moving toward meaningful use of health IT for certified EHR, but their capacity is stretched to the maximum. In addition, the upfront costs to providers are significant and while one may install a system, one is never done training, maintaining, or updating the system. Furthermore, no hospital is beginning at the same point and there are not sufficient resources in the vendor community to address the needs of every provider at its point of entry. Members do not find the ARRA time frame realistic. Visit the AHA's Web site at http://www.aha.org/aha_app/issues/HIT/index.jsp for more information.



Managing During the Recession: Hospitals have experienced many financial challenges as a result of the recession. With assistance from the Colorado Hospital Association and using data from DATABANK, members saw the effect the recession has had on hospitals in general and on the constituency in specific and shared anecdotes of the impact of the recession. Members discussed coping strategies, mechanisms and tactics to manage through the economic downturn.

For more information about the topics covered in these highlights or on the AHA Section for Small or Rural Hospitals, contact John T. Supplitt, senior director, at 312-422-3334 or jsupplitt@aha.org.