The Return on Your Dues Investment

These are landmark times for health care: *Among other achievements, we recently saw passage of bipartisan legislation to fix the flawed Medicare physician payment formula. We were successful in changing the unfair "two-midnight" policy and successfully used the power of the courts to convince the Centers for Medicare & Medicaid Services (CMS) to reverse the unlawful 0.2% payment cut for inpatient services that it implemented as part of the original policy. We also saw improvements in the two-midnight policy itself, as well as to the recovery audit contractor (RAC) process.*

Below are just some of the advances we have made in the past year by working together and speaking with one voice to advocate for hospitals and the patients and communities they serve. For more, visit www.aha.org/value.

Advance Health System Transformation

- **New Care Models.** AHA worked successfully with CMS to shape its new bundling program for hips and knees – the Comprehensive Care for Joint Replacement (CJR) model. CMS provided fraud and abuse waivers that will allow care coordination, made changes to quality measurement provisions to allow more flexibility, and delayed implementation so that hospitals could prepare. AHA is actively monitoring the CJR and accountable care organization (ACO) models and continuously provides input to CMS on how to improve the success of its new delivery model demonstrations. For example, CMS has provided waivers for existing Medicare telehealth restrictions in a number of the new care models. AHA continues to promote expansion of telehealth coverage in Congress and gather case examples and other resources about telehealth on our dedicated webpage: *www.aha.org/telehealth*.

- **Working to Shape Implementation of MACRA.** AHA worked with Congress to pass bipartisan legislation to replace the flawed Medicare physician sustainable growth rate formula. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) created a new physician payment and performance measurement system, and AHA is working with CMS to shape implementation of the new law. AHA also offers web resources and ongoing education of members; physicians via the Physician Leadership Forum; state, metro and regional hospital associations; and trustees. For more, visit *www.aha.org/macra*.

- **Cybersecurity.** AHA has worked with the Federal Bureau of Investigation to bring actionable information about cyber threats to hospitals via our Cybersecurity Alerts. We also have developed a host of resources for hospital leaders, from guides for executives and trustees, to webinars and podcasts on specific issues, to data on how hospitals are securing their systems. They can be found on www.aha.org/cybersecurity. We will be working with the Administration as they implement health care provisions of the Cybersecurity Act of 2015 to ensure that hospitals have more information and tools on best practices to protect their systems from the bad actors seeking to disrupt connected systems and access private information.

Protect Patient Access to Care

- **Fighting Escalating Drug Prices.** As a member of the steering committee of the Campaign for Sustainable Rx Pricing, AHA has raised awareness with legislators, policymakers and the media of how rising prescription drug prices are putting a strain on the entire health care system.

- **Promoting Behavioral Health.** AHA continues to promote the integration of behavioral and physical health by advocating for federal mental health legislation, as well as providing education and innovative case models to members. For more information and tools assist in navigating the changing behavioral health care system, visit *www.aha.org/behavioralhealth*.

- **Protecting Funding for Patients.** Any time Congress struggles with a fiscal crisis, funding to protect patient care is at risk. As Congress looked for savings to fund the Medicare physician payment fix, the 21st Century Cures Act, trade legislation, the budget agreement and more, AHA and you – our grassroots advocates – helped:
  - Maintain graduate medical education funding
  - Prevent harmful changes to the Critical Access Hospital program
  - Prevent further restrictions on states' use of Medicaid provider assessments
  - Prevent harmful restrictions on the 340B Drug Discount Program

In addition, the Medicare physician fix legislation prevented a 21 percent payment cut. It also included extensions of the Medicare-dependent Hospital Program, low-volume adjustment and ambulance add-on payments. In addition, it delayed scheduled Medicaid Disproportionate Share Hospital (DSH) cuts until FY 2018 and prevented CMS from implementing a 0.55 percent behavioral coding offset. AHA also helped halt proposals to loosen restrictions on physician-owned hospitals.

Although we were disappointed that the budget package included restrictions on payments to new provider-based outpatient departments, we were able to protect existing arrangements and provide exceptions for services provided in dedicated emergency departments. We continue to work with Congress and CMS to make refinements and provide additional flexibility for facilities under development.

We also worked with CMS on implementing the Improving Medicare Post-Acute Care Transformation Act, expanding the number of cases that qualify for the standard long-term care hospital payment rate, and lessening proposed cuts to Medicare Advantage.

Sustain and Expand Gains in Health Coverage

- **Protecting Patients from Insurer Consolidation.** AHA is working to ensure that the recently proposed acquisitions involving four of the five major national insurers receive the highest level of scrutiny. AHA has provided analysis to the Department of Justice (DOJ) and testified before Congress numerous times, introducing into the record concrete reasoning why the acquisitions would decrease competition and hurt the marketplace, in addition to working to educate the media and the public on the potential consequences for patients and providers. AHA also is supporting state hospital associations in impacted states with resources and technical assistance to help in their advocacy with state officials.
- **Expanding Access to Medicaid.** AHA continues to support state hospital associations in non-expansion states to make the case for Medicaid expansion. Montana, Indiana and Louisiana have expanded their Medicaid programs since January 2015.
- **Ensuring Hospital Coverage in Health Plans.** AHA worked successfully with the Department of Health and Human Services to ensure that health plans in 2016 and beyond do not exclude inpatient hospital coverage. Large employers are required to offer employees an affordable health plan that meets or exceeds the "minimum value threshold" of covering at least 60 percent of expected costs. Reports had indicated that some health plans meeting the threshold excluded or had minimal inpatient hospital coverage. CMS responded and stopped the proliferation of these types of plans. AHA will continue to engage on this issue as CMS and the Internal Revenue Service look to develop further guidance.

Enhance Quality and Patient Safety

- **Providing Consumers with Meaningful Quality Information.** AHA provided feedback to CMS to help shape its new five-star rating system for its consumer-facing Compare websites, arguing for more measures that demonstrate quality of care for patients and less burdensome reporting requirements for providers. We successfully blocked premature release of faulty stars data in April 2016 and will work with CMS to improve the methodology, delaying until at least July 2016 the release of overall hospital quality "star ratings" on its Hospital Compare website. AHA continues to promote a streamlined approach to quality measurement through the implementation in the Institute of Medicine's recent Vital Signs report.
- **Health Disparities.** AHA's goal is to eliminate disparities in health by eliminating differences in access to care and differences in care delivery, and to promote better health in every community. The AHA launched the #123forEquity campaign and over one thousand hospitals have joined the effort. AHA will continue to support the field in efforts to reduce health care disparities. For more, visit *www.equityofcare.org*.

Promote Regulatory Relief

- **Two-midnight Refinements.** In an effort to revise policies with burdensome regulations that divert time and resources away from patient care, AHA helped persuade CMS to finalize several positive changes to its two-midnight policy. In addition, AHA successfully challenged through the courts CMS's interpretation of its 0.2 percent payment reduction for inpatient services, convincing the agency to restore the resources that hospitals are lawfully due. CMS's recent IPPS proposed rule for FY 2017 proposes two adjustments to reverse the effects of the cut it unlawfully instituted when implementing the two-midnight policy in FY 2014.
- **Electronic Health Record Incentive Program Enhancements.** AHA helped persuade CMS to shorten the reporting period for 2015 to 90 days instead of a full calendar year. AHA also convened an advisory group on interoperability and worked with regulators to improve standards for information sharing and vendor accountability.
- **RAC Program Improvements.** AHA worked with CMS to make changes to the RAC program, including limiting the look-back period for patient status reviews to six months after the date of service if the hospital has submitted its claim within three months of the date of service and requiring RACs to provide 30 days for hospitals to discuss denied claims in an effort to avoid appeals. In addition, AHA worked to limit RACs' ability to conduct patient status reviews. CMS recently significantly reduced the amount of claims RACs can audit per hospital from 2 percent of a hospital's Medicare claims volume to 0.5 percent. AHA is urging Congress to pass the Medicare Audit Improvement Act (H.R. 2156), which would eliminate the RAC contingency fee structure and instead direct CMS to pay RACs a flat fee, as every other Medicare contractor is paid, and rationalize payments to RACs by lowering payments for poor RAC performance due to high rates of incorrect denials. The RAC website highlights related AHA efforts, resources and education materials. For more, visit *www.aha.org/rac*.
- **Removing Roadblocks to Hospital Realignment.** To remove costly and unfair regulatory roadblocks to hospital realignment, the AHA actively supports The Standard Mergers and Acquisitions Review Through Equal Rules (SMARTER) Act, which passed the House on March 23, 2016. The act would align the Federal Trade Commission's (FTC) merger review with that of the DOJ by eliminating FTC's ability to use its own administrative tribunal to challenge a merger – it would have to go to court just like DOJ. AHA is urging Senate passage.

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