

Final Thoughts by Paul Cunningham

For want of a nail the shoe was lost. For want of a shoe the horse was lost. For want of a horse the rider was lost. For want of a rider the battle was lost. For want of a battle the kingdom was lost. And all for the want of a horseshoe nail.

Most of us have heard that proverb without paying too much attention to it other than using it as a moral to convey to our kids the consequences of their actions. When it comes to our own day-to-day adult lives, we more likely prefer the more expedient adage “don’t sweat the small stuff” and the idea that the little things have a habit of taking care of themselves.

Unfortunately, the notion completely disregards the fact that little things do make a difference. The smallest action or omission can yield large, and often devastating, consequences. Think about the U.S. Space Shuttle Challenger that plummeted back to earth from its 65,000-ft. peak on January 28, 1986, almost 26 years ago to the day, following the failure of a small O-ring seal. Reports were that NASA knew the same O-ring design had failed previously under similar conditions, yet didn’t change in its launch plans. Small thing, disastrous consequences.

A bad outcome on a smaller scale may be a given for America’s hospitals if those who can make a difference don’t make the effort, regardless how inconsequential it seems.

The two-month extension of the Social Security (SS) payroll tax holiday and emergency unemployment insurance (UI) benefits, which the House and Senate passed last month, also extended Medicare physician payment rates for two months, preventing a 27.4% cut originally scheduled to take effect January 1. As part of that year-end agreement, the House and Senate appointed conferees to negotiate passage of final legislation before February 29. Consequently, as Congress returns to work, it is again under pressure to identify offsets to finance the SS tax holiday, emergency UI benefits, and physician payment fix for the remainder of the year; and cuts in payments for hospital services again are being showcased as the first option.

During December’s negotiations, there were serious attempts to add to an already long list of Medicare hospital cuts through reductions in bad debt payments; reduced payments for evaluation and management (E/M) services provided in hospital outpatient departments; extending the current cap on therapy services – and the exceptions process to it – to those services provided in hospital outpatient departments; significantly weakening the prohibition on the establishment of new physician-owned specialty hospitals; and providing CMS with new authority to make additional across-the-board cuts to Medicare inpatient hospital rates through the use of retrospective coding adjustments for fiscal years 2010, 2011 and 2012. All are on the table again.

If included as a part of the final legislative package, these cuts would add billions of dollars to those already shoveled onto hospitals through provisions of the *Patient Protection and Affordable Care Act of 2010* and the 2% sequestration included in the *Budget Control Act of 2011*. Those combined cuts are estimated to cost U.S hospitals about \$175 billion in Medicare payments through 2021, with Arkansas’ hospitals on the hook for \$2.4 billion.

Last week, CEOs of Arkansas hospitals that will suffer from the ACA cuts and the sequestrations were sent an analysis showing the expected impact of the cuts on their hospitals. Predicted losses of \$50 million-\$70 million were common. Enough to be termed disastrous.

Because these critical issues will be a top priority when Congress returns this week, we are asking again that Arkansas hospital executives, trustees and management team members make a concerted effort to reach out to your representative and senators. Tell them how the cuts will affect your hospital’s long-term viability and urge them to reject additional cuts to Medicare payments for hospital services. Every contact is important if we are to reach a tipping point. Beyond the phone calls, e-mails and letters, the American Hospital Association is sponsoring a fly-in event on February 15 aimed at blanketing House and Senate offices with concerned hospital representatives carrying the same messages. Hospital representatives from Arkansas need to be a part of this event, if possible.

For the want of a horseshoe nail, the kingdom was lost. The contacts may seem like a little thing in the great scheme, but we need to work in tandem to ensure that the absent nail doesn’t become the final one in the coffin lid of any Arkansas hospital.

Paul