House Passes Bills on APO, Legislative Task Force

A week following the Arkansas Senate’s approval of a set of bills to put in motion Governor Asa Hutchinson’s proposals to fund the Arkansas Private Option (APO) insurance program through the end of 2016 and establish a legislative task force to study the future of Arkansas’ full Medicaid program, the state House of Representatives followed suit. On February 5, the House gave its nod to both SB 96 and SB 101, which should close the debate over what will become of the APO during the 90th Arkansas General Assembly. Governor Hutchinson is expected to sign the bills this week.

Both bills received more than 80 affirmative votes from the 100-member House. SB 96, the Arkansas Health Reform Act, which creates a legislative task force to study and make recommendations about the future of Medicaid in the state, only required a simple majority, but passed with an 80-16 margin. The task force will be comprised solely of legislators and will begin its work soon after members are appointed as prescribed by the law. SB 101, the funding measure, had to get through the House with a 75% approval vote. It got the needed 75 “yes” votes plus another seven, for an 82-16 margin. Because it is an appropriations item, the law funds the APO through June 30, 2016. The additional six-month appropriation to take the insurance program to December 31, 2016 must be dealt with in the Legislature’s 2016 fiscal session.

Despite the fact that both the Senate and the House have taken care of business on the APO, it is possible that more bills aimed at repealing the program could surface. Last week, a bill with that purpose, HB 1181, failed to clear a House committee, just as SB 144 died in a Senate committee previously. Other bills have been filed that would terminate the APO prior to the December 2016 end date, including HB 1262 and SB 178. So far, they are not on the calendar at either end of the Capitol.

AHA Annual Meeting May 3-6, Washington, D.C.

The American Hospital Association’s (AHA) annual membership meeting is set for May 3-6 in Washington, D.C. This annual meeting provides an excellent forum for hospital execs and trustees to learn firsthand about AHA’s advocacy agenda and strategy for 2015. In addition, attendees have the opportunity to visit personally with members of the Arkansas congressional delegation and their health aides, and to deliver their messages on how federal legislative and regulatory issues are affecting their hospitals and communities, especially the deepening Medicare and Medicaid reductions.

As it has for the previous six years, the Arkansas Hospital Association will reimburse each hospital CEO up to $1,000 for his/her registration fee and airline ticket. However, to receive the stipend, attendees must participate in all Arkansas activities, including the very important congressional visits.

During the meeting, participants also will have the opportunity to attain American College of Healthcare Executives Face-to-Face credit; attend executive briefings on topics such as lessons learned from last year’s Ebola threat; and hear how hospitals are responding to the changing...
worlds of consumerism and technology, partnering with communities, changing markets to benefit consumers, and engaging trustees and communities in redefining the “H.” Other educational opportunities will be available for hospital trustees covering issues such as the opportunity for governing boards to impact on hospital safety and quality, the state of governance and 2015 national governance survey insights.

Attendees also will hear presentations from former ABC News White House correspondent, Ann Compton; former White House Press Secretary, Jay Carney; TIME Magazine Washington Bureau Chief, Michael Scherer; and other Washington insiders.

However, the most important events are the times set aside to meet with the state’s Washington delegation and their key aides on health matters. Once again this year, the Arkansas Hospital Association will host a reception for congressional aides on Monday evening, May 4, at the Monocle Restaurant on Capitol Hill. On Wednesday, May 6, plans are being made for a morning breakfast with Senators John Boozman and Tom Cotton. Because the House calendar indicates that chamber will be on recess during the week, the health aides for Arkansas congressmen will also be invited to this event; however, should the health aides in any office be unable to attend, visits will be set up in their respective congressman’s Capitol Hill office later that morning.

Meeting and registration information is available online at www.aha.org. Please fax a copy of your meeting registration form to Lyndsey Dumas at the Arkansas Hospital Association (501-224-0519) to receive special mailings detailing Arkansas events. You may also email attendance plans to ldumas@arkhospitals.org. Register by March 20, 2015 and save!

Compensation Survey Data Reminder

Materials for the Arkansas Hospital Association’s 2015 Compensation Survey were sent electronically to member hospitals last month. The initial deadline to submit data for the survey was February 2. However, several hospitals have yet to respond and will require an extension. Hospitals that have not submitted their data and which need an extension should contact Compdata Surveys at (800) 300-9570 to work out an extension date. Please remember that all data submitted remains confidential.

As a reminder, only those members that participate in the survey by submitting data are able to obtain a free copy of the comprehensive report as a member benefit. The report should be available in April. Just as important, hospitals that participate in the survey, but choose not to submit data relating to executive job titles will receive a report on rank and file employee positions, but will not get results on executive pay. Hospitals can specify those on their respective staffs who should have access to the executive portion of the survey.

White House Wants Another $430M Taken From Medicare

President Obama released a fiscal year 2016 budget request last week that includes $431 billion in proposed reductions to Medicare; $350 billion of those cuts would come from healthcare providers and $83.8 billion from structural reforms. Specific to those proposed reductions, the budget proposal includes provisions that would:

- Replace the Budget Control Act’s remaining sequestration with other savings.
- Reduce bad debt payments to providers, including hospitals, by $31.1 billion.
• Reduce payments to providers by $29.5 billion by implementing site-neutral payment policies.
• Reduce Medicare graduate medical education payments by $16.3 billion.
• Reduce critical access hospital (CAH) payments from 101 to 100% of reasonable costs for savings of $1.73 billion.
• Eliminate the CAH designation for hospitals located fewer than 10 miles from the nearest hospital for savings of $770 million.
• Strengthen efforts to eliminate waste, fraud and abuse for savings of $1.8 billion.
• Reduce the payment updates for post-acute care providers for savings of $102.1 billion.
• Raise the “60% Rule” threshold for inpatient rehabilitation facilities back to 75% for savings of $2.2 billion.
• Implement bundled post-acute care payments for savings of $9.3 billion.
• Eliminate the 190-day lifetime limit on inpatient psychiatric care, which costs the federal government $5 billion.
• Strengthen the Medicare Independent Payment Advisory Board for savings of $20.9 billion.
• Make changes to beneficiary premiums, deductibles and co-pays for savings of $83.8 billion.

As for the Medicaid and Children’s Health Insurance Programs (CHIP), the president’s plan would increase Medicaid funding overall by $7.7 billion over 10 years. However, the budget also includes reductions to Medicaid, including reducing Medicaid disproportionate share hospital payments in FY 2025 for savings of $3.29 billion. And, it would provide $11.9 billion to extend the CHIP through 2019, and extend Medicare rates for primary care physicians under Medicaid, but do so in a budget-neutral manner.

Full budget details are available at [http://www.whitehouse.gov/omb/budget/Overview](http://www.whitehouse.gov/omb/budget/Overview).

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**Bill Nixes MDH, Low-Volume Adjustment Expiration**

Sens. Charles Grassley (R-IA) and Chuck Schumer (D-NY) have joined with Reps. Tom Reed (R-NY) and Peter Welch (D-VT) to introduce the *Rural Hospital Access Act* (S. 332/H.R. 663), legislation designed to make permanent both the Medicare-dependent Hospital (MDH) program and the enhanced low-volume Medicare adjustment for small rural prospective payment system (PPS) hospitals.

Without congressional action, the current short-term extension of the programs will expire on March 31. Under the MDH program, about 200 hospitals that are more dependent on Medicare revenue (because of the high percentage of Medicare beneficiaries in rural areas) receive the sum of their PPS payment rate, plus three-quarters of the amount by which their cost per-discharge exceeds the PPS rate. The enhanced low-volume adjustment helps level the playing field for hospitals in small and isolated communities, which frequently cannot achieve the economies of scale possible for their larger counterparts.

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**CMS Hosting Call on ICD-10 Implementation, Testing**

Last year’s delay of the ICD-10 implementation date from October 1, 2014 until October 1, 2015 gave healthcare providers and payer organizations an extra 365 days to ensure their readiness for the changeover. It is important to make the best use of that time. With that in mind, the Centers for Medicare & Medicaid Services will discuss ICD-10 implementation issues and testing opportunities
during a National Provider Call on February 26 at 12:30 p.m. CT. For details on the call or to register, click on [http://www.eventsvc.com/blhtechnologies/register/64a79bdb-499f-42aa-b2d1-c66ef3591201](http://www.eventsvc.com/blhtechnologies/register/64a79bdb-499f-42aa-b2d1-c66ef3591201). For more on the transition to ICD-10, visit [www.aha.org](http://www.aha.org) or [www.cms.gov](http://www.cms.gov).

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**Group Lobbying for Site-Neutral Payments**

A group of organizations, including The US Oncology Network owned by McKesson, is urging Congress to enact site-neutral payment policies for services performed in hospital outpatient departments (HOPD). The Alliance for Site-Neutral Payment Reform wants Medicare to pay hospital outpatient departments the same rates paid for similar services if provided in physician offices. Other members of the group include the American Academy of Family Physicians, American College of Physicians, American Health Care Association, America’s Health Insurance Plans, and the Blue Cross and Blue Shield Association.

President Obama’s fiscal year 2016 budget proposes reducing payments to providers by $29.5 billion by implementing site-neutral payment policies, and some groups want to use site-neutral cuts to hospitals to offset the cost of resolving the Sustainable Growth Rate for Medicare physician payment.

A recent study prepared for the American Hospital Association in November 2014 showed that HOPDs treat sicker and poorer cancer patients who need more extensive care and resources than do physician offices. The study found that cancer patients treated in HOPDs have more severe chronic conditions and are about four times more likely to be uninsured or covered by Medicaid than are cancer patients treated in a physician’s office. In addition, the study warns that “site-neutral payments may have adverse effects on patient access to care,” depending on the differences in patient needs.

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**Beware of Potential ‘Vishing’ Attacks**

Hospital executives are being cautioned to beware of “vishing” calls. At least one U.S. hospital has already been the target of such a scheme aimed at gaining personal social security numbers for senior executives by posing as a representative of Medicare. Vishing is a form of identity theft and fraud where the caller aims to gain access to an individual’s personal information by posing as a familiar or otherwise trustworthy entity. The information obtained can be used to access and use the individual’s important accounts or create and open new lines of credit. Information about how to protect oneself from such phone scams can be found on the Federal Trade Commission’s website at [www.consumer.ftc.gov/articles/0076-phone-scams](http://www.consumer.ftc.gov/articles/0076-phone-scams).

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**The AHA Calendar**

February 2015

12  Psychiatric Coding: An Update – Webinar T2949
18  Board Self-Assessment and Evaluations – Webinar TX021815
19  Compliance Roundtable & Lunch, AHA Classroom, Little Rock

Information on all AHA educational programs and activities is available at [http://www.arkhospitals.org/events](http://www.arkhospitals.org/events).