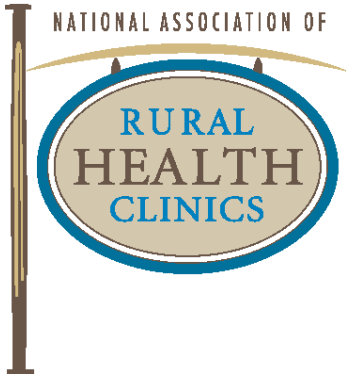
NOSORH National Rural Health Day Webinar

November 20, 2014



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Congress

- Congress adjourned a few weeks ago to go home to campaign.
- Congress has yet to pass any of the 12 Appropriations bills necessary to fund the federal government.
- Prior to adjourning, Congress adopted a Continuing Resolution effectively extending the current fiscal year through December 11th.

Congress reconvened this week for a lame duck session.

Lame Duck sessions are notoriously unproductive and there is no reason to believe that this one will be any different than previous lame duck sessions.

This is particulalry true now that we know that the GOP will be taking control of the Senate come January.

Beyond dealing with appropriations bills to prevent a government shut-down and potentially dealing with some expiring tax provisions, no substantive legislation is likely to be considered during the November/December lame duck session.

Post Election (2014)

During the lame duck, Congress will enact another Continuing Resolution keeping the government open; however, most likely the CR or Omnibus will be for the remainder of the current Fiscal Year. The debate of the President's announcement to use an Executive Order to deal with the immigration issue is complicating this process..

RHC National Issues

Sequester Update

Beginning in 2013, Sequester mandated 2% cut in RHC Medicare payments was adopted. This applied to ALL providers.

Sequester

- We do not expect any NEW sequester related cuts for Medicare HOWEVER, the existing reduction remains in place.

Sequester

Although the sequester reduction is scheduled to go away in 2023*, providers should anticipate that this reduced amount will remain in place forever!

We expect that Congress will extend the back-end of this cut year-by-year for the foreseeable future.

Issues of Interest

Reduce the amount of Bad Debt RHCs, CAHs and others can claim from 65% to 25% over three years.

Close CAHs that are within 10 miles of one another.

Reduce CAH payments from 101% of costs to 100% of costs.

Of these, the most likely candidate for adoption is the Bad Debt proposal. At this time, we see no movement on the other proposals.

RHC Legislative Issues for 2014 and beyond

- Raise the RHC Cap
- Increase flexibility for RHCs
- Continue to remove unnecessary regulatory burdens on RHCs
- Establish a long-term payment methodology that allows All RHCs to recoup costs for care provided to Medicare and Medicaid patients
- Improve EHR incentive payments for RHCs

Raise RHC Cap

NARHC has been working with key Members of Congress to raise the RHC cap to $92.00 per visit.

RHC Payments

Establish a long-term payment methodology that allows All RHCs to recoup costs for care provided to Medicare and Medicaid patients and incorporates RHC specific quality measures. ORHP has funded an initiative to identify quality measures appropriate for the RHC setting.

RHC Payments

The Rural Health Clinic all-inclusive payment methodology was the first bundled payment under the Medicare program.

But despite the national move to bundled payments, the RHC payment system has come under some criticism of late.

Other issues…

Allow RHC to be the “providers of care” in telemedicine arrangements rather than just the originating site.

Medicaid EHR incentive Payment Program

Modify “Needy” Threshold
Open to ALL PAs, not just those who “lead” RHCs.

ACA Implementation

If Congress does move to reform or make incremental changes to the ACA, we would ask that RHCs for listed as “Essential Providers” . Although the current term is technically open, many plans are using the illustrative example (such as providers eligible for the 340b program) as an exclusive term.

New Supreme Court Case

On Friday, November 7th, the Supreme Court announced that they have agreed to accept the case known as King Vs. Burwell. This case challenges the tax subsidies and whether they are available to all individuals or only those purchasing health insurance through an Exchange Operated by a state.

Oral arguments could be heard in January and a decision in late Spring.

The outcome of this case MAY NOT be as HUGE in terms of the future of the ACA as was the Medicaid decision making expansion voluntary.

When is the next ACA Open Enrollment?

Open Enrollment began again on **November 15, 2014** and will go until **February 15, 2014**.

Automatic Re-enrollment will be available this year. The Administration expects that 90 - 95% of people will re-enroll in the plan they chose last year.

Health Reform – Is the Debate Over?

Even with Republicans taking control of the Senate and increasing their majority in the House, changes to the ACA will be largely on the margins. The heart of the ACA will remain intact. The GOP controlled Congress will be unable to repeal the ACA.

Why?

President Obama has shown no indication that he is any more prepared to compromise than House or Senate Republicans

Where is Change Likely?

Network Adequacy

Plan Options (new options)

The Urge to Merge

Medical Device Tax

Mandates?

Network Adequacy

- Plans will come under increasing pressure to demonstrate that their networks are “adequate”.
- Pressure will come from both Congress (Republicans and Democrats) and CMS
- This will be especially important in rural areas…

What Can or Will Be Done?

CMS has made some minimal efforts to encourage plans to be more inclusive but major gaps remain. 30% of safety net providers in the service area MUST be in-network. RHCs are considered “safety net” providers – BUT YOU MUST PUSH THE PLANS on this

CMS has suggested that one option under consideration is using the Network Adequacy standards currently in use for Medicare Advantage plans.

The Urge to Merge

A substantial majority of hospitals are now part of health systems.

In 2012, 247 hospitals merged, according to the American Hospital Association, three times as many as in 2008.

Ten years ago, hospitals owned a quarter of the physician practices in the country. By 2011, they owned half.

ACOs Are they the Answer?

There are an estimated 500 to 600 ACOs in the U.S. providing care to 15 to 17 percent of the population. ACOs exist within three different models: Medicare Shared Savings Programs, Pioneer ACO models and commercial ACOs.

Medicare Shared Savings Program ACOs

Bonus Payments are calculated based on the ability of the designated physicians to achieve preset cost savings targets. The hope is they will help save $940 million over the first four years.

CMS approved 114 ACOs for participation in the Medicare Shared Savings Programs.

54 achieved savings in the first year.

Of those, 29 have generated enough savings to offset the necessary investment costs.

Concluding thoughts

Sir Winston Churchill once said of Democracy, “Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those other forms that have been tried from time to time.”

The healthcare corollary to that is, “Many forms of payment for healthcare have been tried, and will be tried in this world of sin and woe. No one pretends that fee-for-service is perfect or all-wise. Indeed **it has been said** that fee-for-service is the worst form of payment except for all those other forms that have been tried from time to time.…

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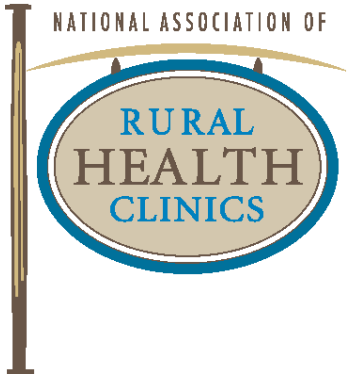

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