State of the Healthcare Industry: Updates for Rural

NOSORH Quarterly Updates for Rural Strategy

August 28, 2023
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Panelist

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Agenda

1 COVID-19 Updates

2 Legislative/Regulatory Updates

3 Other Market Events

COVID-19 Updates

Public Health Emergency Expired (5/11/2023)

- Public Health Emergency (PHE) expired on 5/11/2023
- Guidance Memorandum issued on 5/01/2023 by CMS outlines the expiration of the emergency waivers issued during the PHE
- The memorandum is grouped by provider type
  - All Providers
    - Staff Vaccine Requirements
      - "CMS will soon end the requirement for policies and procedures for staff vaccination"
    - Emergency Preparedness (EP)
      - Providers are expected to return to normal operating status and comply with the regulatory requirements for EP
  - Long Term Care Facilities
    - 3-Day Prior Hospitalization
      - Waivers terminated immediately
    - Reporting Requirements
      - Reporting of Covid-19 infections extended through 12/2024, however no longer required to report to families
    - Requirements for Testing
      - Expired

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-16
Baltimore, Maryland 21244-1850

Center for Clinical Standards and Quality/Quality, Safety & Oversight Group

Ref: QSO-23-13-ALL

DATE: May 01, 2023

TO: State Survey Agency Directors

FROM: Directors, Quality, Safety & Oversight Group (QSOG) and Survey & Operations Group (SOG)

SUBJECT: Guidance for the Expiration of the COVID-19 Public Health Emergency (PHE)

Memorandum Summary

- Social Security Act Section 1135 emergency waivers for health care providers will terminate with the end of the COVID-19 Public Health Emergency (PHE) on May 11, 2023.
- Certain regulations or other policies included in Interim Final Rules with Comments (IFCs) will be modified with the ending the PHE. Certain policies, such as the Acute Hospital at Home initiative and telehealth flexibilities have been extended by Congress through December 31, 2024.
- Long Term Care and Acute and Continuing Care providers are expected to be in compliance with the requirements according to the timeframes listed below.

Background:
The Secretary's authority in Section 1135 of the Social Security Act (the "Act"), allowed CMS to issue several temporary emergency statutory and regulatory waivers and flexibilities to help providers respond to the COVID-19 Public Health Emergency (PHE) and focus on the needs of beneficiaries while working to prevent the spread of COVID-19. Since the Secretary has announced the PHE will end on May 11, 2023, the authority to issue and maintain 1135 waivers ends on that date. This memorandum outlines the expiration of the emergency waivers issued during the PHE related to the minimum health and safety requirements for Long Term Care (LTC) and Acute and Continuing Care (ACC) providers. This memorandum also describes the timelines for certain regulatory requirements issued during the PHE through Interim Final Rules with Comments (IFCs). The guidance for the termination of emergency waivers and timelines for requirements issued through IFCs are grouped by provider type, starting with guidance that affects all provider-types.

PHE Expired (5/11/2023)(continued)

- The memorandum is grouped by provider type (continued)
  - Hospitals/CAHs
    - Acute Hospital at Home Care
      - Consolidated Appropriations Act (CAA)of 2023 extended waivers and flexibilities through 12/2024
    - Anesthesia Services
      - Waiver that allowed CRNA to not have to operate under supervision of physician has ended
      - States may apply to CMS for exemption
    - EMTALA
      - Waiver that allowed screening of patients at an offsite location has ended
    - Verbal Orders
      - Waiver allowing flexibility has ended
    - Patient Rights
      - Waiver has ended
    - Medical Staff
      - Waiver allowing physicians whose privileges expire to continue practicing and new physicians able to practice before full medical staff review/approval has ended

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PHE Expired (5/11/2023)(continued)

- The memorandum is grouped by provider type (continued)
  - Hospitals/CAHs (continued)
    - Physical Environment
      - Waiver allowing physical environment flexibility to address surge capacity has ended
      - Waiver allowing temporary walls and barriers between patients has ended
      - Waiver that allowed patient sleeping rooms without outdoor window and door has ended
    - Telemedicine
      - Waiver not requiring written agreements between entities specific to credentialling and privileging has ended
      - CAA of, 2023 provides for an extension for some of these telehealth flexibilities for professional services under the Physician Fee Schedule as well as services furnished by rural health clinics and federally qualified health centers through December 31, 2024
    - Utilization Review (UR)
      - Waiver that allowed flexibility on a UR plan and committee has ended
    - Quality Assessment and Performance Improvement Program
      - Waiver allowing flexibility on these programs has ended
    - Temporary Expansion Sites
      - Waiver allowing hospitals to provide services in other hospitals and sites as ended

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PHE Expired (5/11/2023)(continued)

- The memorandum is grouped by provider type (continued)
  - Hospitals/CAHs (continued)
    - Long-term Care Services (Swing Beds)
      - Waiver allowing patient eligibility for SNF payment for patients no longer meeting acute care criteria but unable to find a placement in a SNF has ended
    - CAH Personnel Qualifications
      - Waiver to not require minimum personnel qualifications for clinical nurse specialists, NPs and PAs has ended
    - CAH Status and Location
      - Waiver allowing CAHs to not have to be located in a rural area and allowing off-campus and co-locations has ended
    - CAH Length of Stay (LOS)
      - Waiver allowing CAHs to have greater than 25-beds and a 96-hour average LOS and has ended
    - Responsibilities of Physicians in CAHs
      - Waiver allowing CAHs to not have a physician physically present to provide medical direction, consultation and supervision has ended

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Legislative/Regulatory Updates

MedPAC March 2022 Report to Congress: Highlights (3/15/23)

- MedPAC recommends Congress update 2024 inpatient and outpatient payment rates by 2.4% and 2.9%, respectively, plus 1%
  - However, based on changes to wages, the healthcare market basket could be impacted
- MedPAC recommends that the 2023 payment rate for physician and other health professional services be updated by 50% of the projected MEI or approximately 1.45%
- MedPAC recommends 3% decrease in payment to SNFs and 7% decrease in payments home health agencies
- Study on Medicare Advantage (MA) plans using 2016 to 2019 data showed MA plans costs higher than Medicare FFS

Report to the Congress

MedPAC March 2022 Report to Congress: Highlights (3/15/23)

- Medicare Margins by Provider Type – Including Provider Relief Funds

Medicare Margins by Hospital Type
Including PRFs

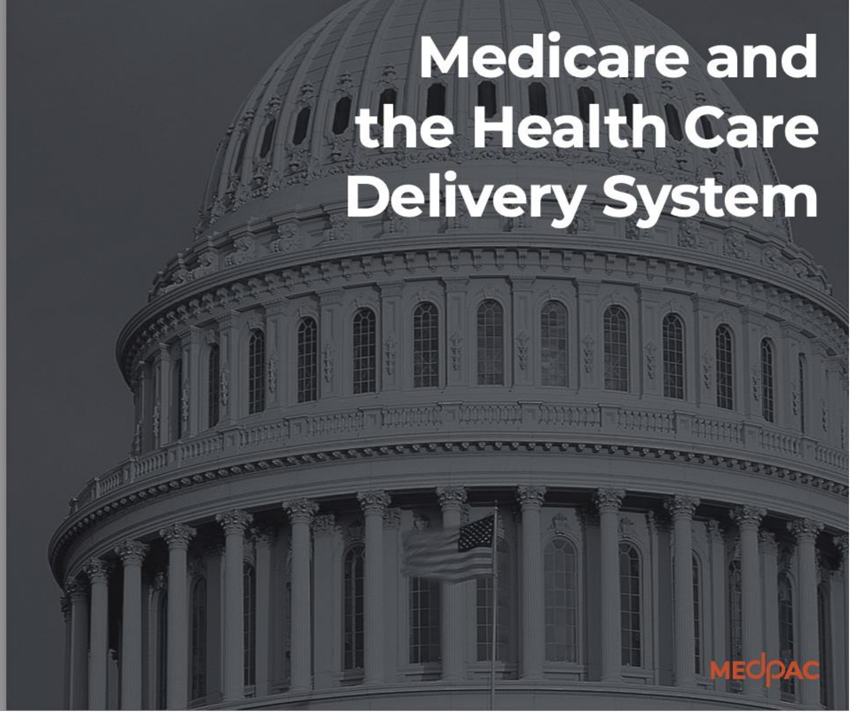
4.00%
2.00%
0.00%
-2.00%
-4.00%
-6.00%
-8.00%
-10.00%
-12.00%

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 proj.

Rural
All Hospitals

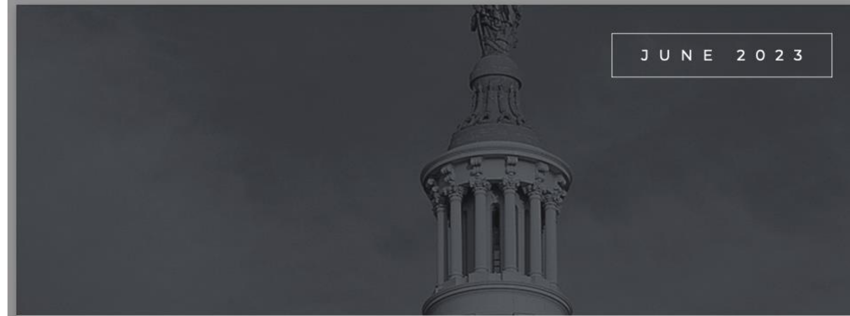
June 2023 MedPAC Annual Report: Major Considerations (6/15/23)

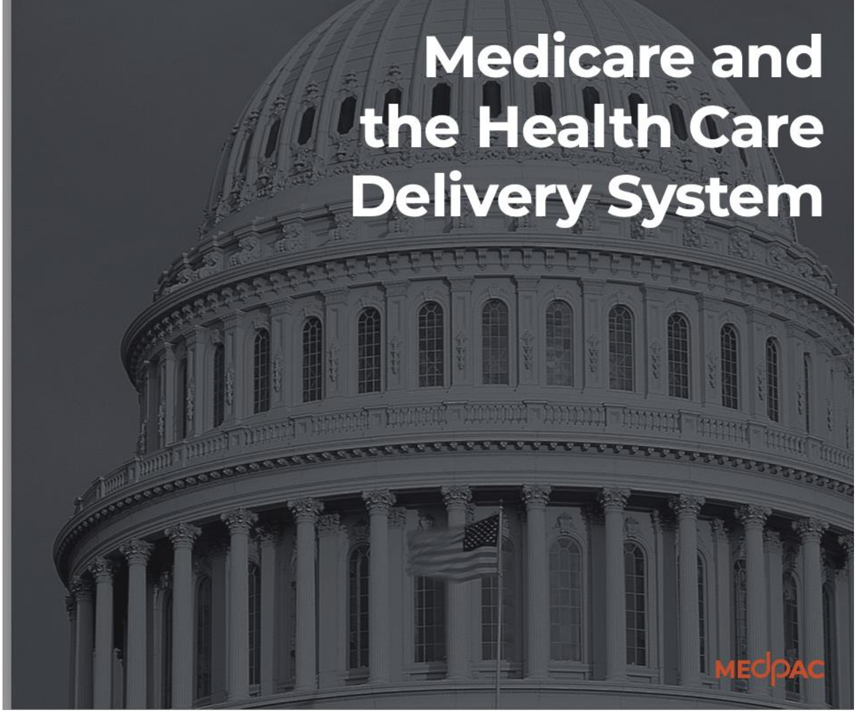
- Addressing high costs of prescription drugs
  - Medicare payment rate capped for new drugs under certain circumstances and for drugs approved under the accelerated program if price is excessive relative to value
  - Maintain current ASP add-on for lower-priced drugs, reduce the percentage add-on and add a fixed fee for mid-priced drugs, and place a fixed dollar cap on the add-on for the highest-priced drugs
- Medicare Advantage (Standardized Benefits and Payment Policy Direction)
  - Require plans to have standardized benefits from set of service offerings and cost sharing
  - Several options to address MA plans including
    - use of a competitive bidding system that relies entirely on MA bids to determine benchmarks;
    - Base benchmarks on both FFS and MA Medicare spending instead of just FFS spending; or
    - Set benchmarks at a point in time and update them using administratively set rates.



June 2023 MedPAC Annual Report: Major Considerations (6/15/23)

- Telehealth
  - CMS should resume paying the lower, facility rate for telehealth services as soon as practicable after the PHE
  - If policymakers decide to permanently cover distant-site telehealth services delivered by FQHCs and RHCs, the Commission supports continued payment parity with the lower PFS rates.
  - During the pandemic, greater telehealth use was associated with little change in measured quality, slightly improved access to care for some beneficiaries, and slightly increased costs to the Medicare program and thus further study necessary post-covid
- Aligning FFS payment rates under different ambulatory settings
  - Congress more closely align payment rates across ambulatory settings for selected services that are safe and appropriate to provide in all settings and when doing so does not pose a risk to access

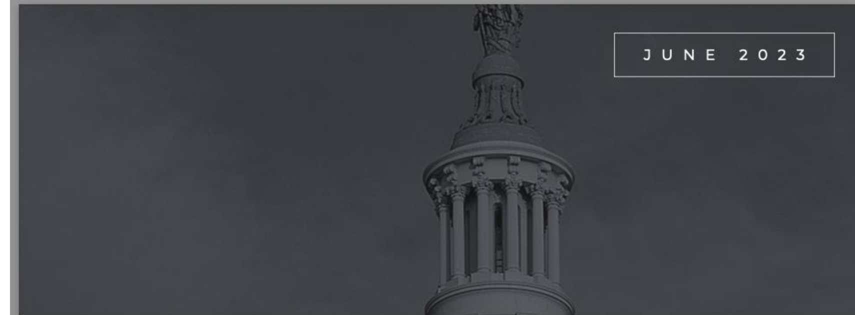


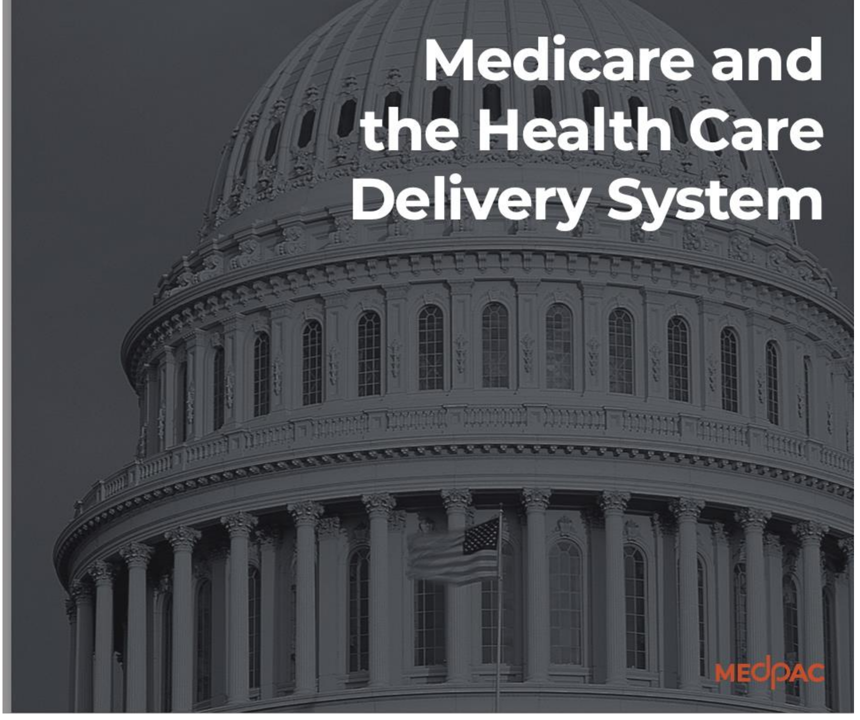


Source: Report to the Congress: Medicare and the Health Care Delivery System, MedPAC, June 2023
https://www.medpac.gov/wp-content/uploads/2023/06/Jun22_MedPAC_Report_to_Congress_SEC.pdf

June 2023 MedPAC Annual Report: Major Considerations (6/15/23) (cont.)

- Reforming Medicare's wage index
  - Commission recommends that Medicare's wage index systems:
    - use all-payer, occupation-level wage data with different occupation weights for the wage index of each type of provider;
    - reflect local differences in wages between and within metropolitan statistical areas and statewide rural areas;
    - cap wage index differences across adjacent local areas; and
    - have no exceptions.
- Evaluation of protype design of post-acute care PPS
  - Given the considerable resources that would be required to develop and implement a PAC PPS, policymakers may wish to look for opportunities to adopt smaller-scale site-neutral policies that could address some of the overlap of similar patients in different settings





Making Care Primary Model (6/8/2023)

- CMS Innovation Center announced new voluntary payment model Make Care Primary (MCP)
  - MCP to be launched July 1, 2024
    - Applications accepted late summer 2023
  - 10.5-year model
  - 8 states eligible to participate (see map at right)
  - RHCs not eligible to participate
  - Multi-payer alignment
- MCP model goal:
  - MCP aims to improve care for beneficiaries by supporting the delivery of advanced primary care services, which are foundational for a high-performing health system
    - MCP provides primary care clinicians with enhanced model payments, tools, and supports to improve the health outcomes of their patients.
    - It provides additional resources and data to help primary care clinicians better coordinate care with specialists

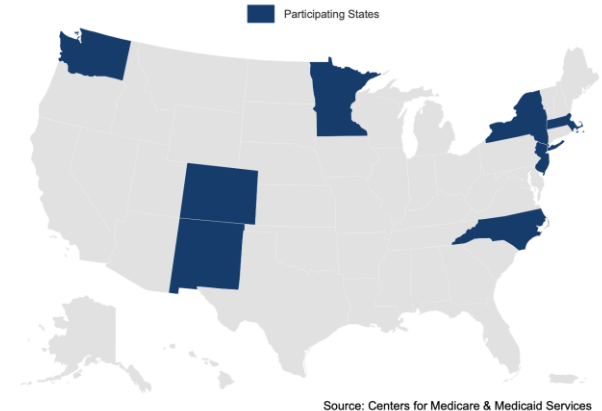
CMS.gov
Centers for Medicare & Medicaid Services

Innovation Center Home > Innovation Models > Making Care Primary (MCP) Model

Making Care Primary (MCP) Model

Registration is open for the MCP Model Overview Webinar on June 27, 2023

On June 8, 2023, the Centers for Medicare & Medicaid Services (CMS) announced a new voluntary primary care model – the Making Care Primary (MCP) Model – that will be tested in eight states. Launching July 1, 2024, the 10.5-year model will improve care management and care coordination, equip primary care clinicians with tools to form partnerships with health care specialists, and leverage community-based connections to address patients' health needs as well as their health-related social needs (HRSNs) such as housing and nutrition. CMS is working with State Medicaid Agencies in the eight states to engage in full care transformation across payers, with plans to engage private payers in the coming months. **CMS will begin accepting applications for the model in late summer 2023. If you are interested in applying for Making Care Primary, please submit a non-binding Letter of Intent here. This information will help support CMS recruiting efforts.**



MCP Model (6/8/2023)(continued)

- Model design:
  - Three progressive tracks for which providers can choose based on their experience
    - Track 1 – Building infrastructure
      - Participants will begin to develop the foundation for implementing advanced primary care services such as risk-stratifying their population, reviewing data, building out workflows, identifying staff for chronic disease management, and conducting health-related social needs screening and referral
      - Payment for primary care will remain fee-for- service (FFS), while CMS provides additional financial support to help participants develop care transformation infrastructure and build advanced care delivery capabilities
        - Financial rewards for improving patient health outcomes
    - Track 2 – Implementing advanced primary care
      - Building on Track 1 by partnering with social service providers and specialists, implementing care management services, and systematically screening for behavioral health conditions
      - Payment will shift to a 50/50 blend of prospective, population-based payments and FFS payments
        - Participants will be able to earn increased financial rewards for improving patient health outcomes

MCP Model (6/8/2023)(continued)

- Model design:
  - Three progressive tracks for which providers can choose based on their experience (continued)
    - Track 3 – Optimizing care and partnerships
      - Expanded upon requirements of Track 1 and 2 by using quality improvement frameworks to optimize and improve workflows, address silos to improve care integration, develop social services and specialty care partnerships, and deepen connections to community resources
      - Payment is fully prospective, population-based payment with additional support at a lower level than Track 2 and opportunity to earn financial rewards for improving patient outcomes
- Health Equity - MCP includes several model components designed to improve health equity:
  - Some payments will be adjusted by clinical indicators and social risk
  - Participants will be required to develop a strategic plan for how they will identify disparities and reduce them
  - Participants will be required to implement HRSN screening and referrals
  - Participants will be allowed to reduce cost-sharing for patients in need
  - CMS will measure the percentage of patients screened for HRSNs
  - CMS will collect data on certain demographic information and HRSNs to evaluate health disparities in MCP communities.

CMS 2024 Inpatient Perspective Payment System (IPPS) Proposed Rule (4/10/23) and Final Rule (8/1/2023)

- Payment Rate Update – Final Rule

FY 2024	Hospital Submitted Quality Data and is a Meaningful EHR User	Hospital Submitted Quality Data and is NOT a Meaningful EHR User	Hospital Did NOT Submit Quality Data and is a Meaningful EHR User	Hospital Did NOT Submit Quality Data and is NOT a Meaningful EHR User
Market Basket Rate-of-Increase	3.3	3.3	3.3	3.3
Adjustment for Failure to Submit Quality Data under Section 1886(b)(3)(B)(viii) of the Act	0.0	0.0	-0.825	-0.825
Adjustment for Failure to be a Meaningful EHR User under Section 1886(b)(3)(B)(ix) of the Act	0.0	-2.475	0.0	-2.475
Productivity Adjustment under Section 1886(b)(3)(B)(xi) of the Act	-0.2	-0.2	-0.2	-0.2
Applicable Percentage Increase Applied to Standardized Amount	**3.1**	**0.625**	**2.275**	**-0.2**

  - Originally proposed at 2.8%
- Medicare Disproportionate Share hospital payments and uncompensated care payments to decrease by $957M
  - Rates of uninsured expected to drop from 9.2% to 8.3%
- Medicare Low Wage Index Hospital Policy
  - Continue policy published in FY 2020 Final Rule to increase wage index for certain hospitals in low wage index values

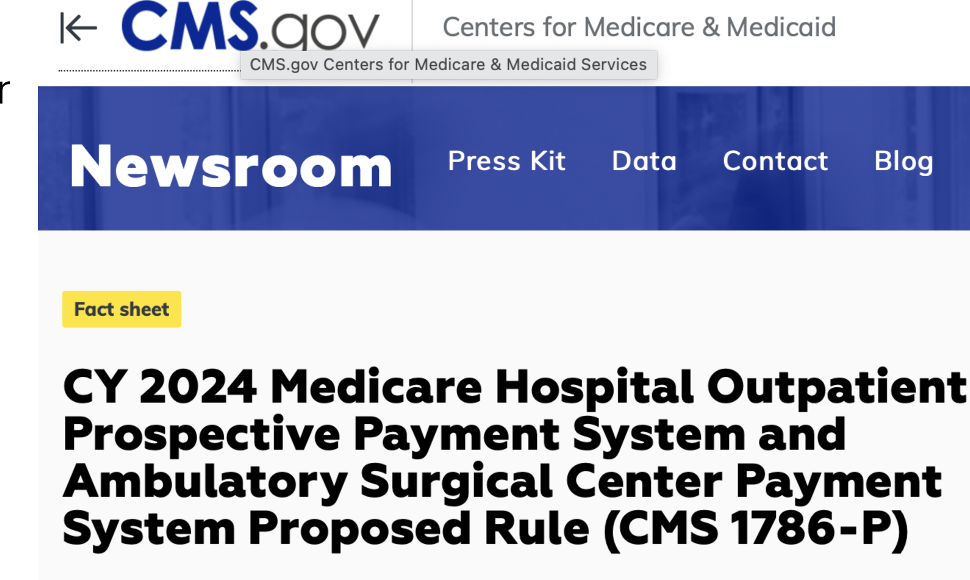
Source: CMS Fact Sheet, 4/18/2022; NRHA Summary of 2024 IPPS Proposed Rule 4/11/2023; CMS Fact Sheet: 8/1/2023 IPPS Final Rule

CMS 2024 IPPS Proposed Rule (4/10/23) and Final Rule (8/1/2023) (continued)

- Rural Emergency Hospitals (REH)
  - Final rule codifies guidance provided in 2/26/2023 CMS Guidance Memo including plans for conversion
  - Proposing REHs serve as training sites for Medicare GME payment purposes
- Safety Net Hospital RFI
  - RFI seeks information on challenges being faced by these hospitals and potential approaches to support
- Health Equity (HE)
  - Added HE adjustment bonus points to a hospitals Total Performance Score in the Value Based Payment Program
  - Added 15 new HE hospital categorizations for FY 2024 payment impacts
- Inpatient Quality Reporting
  - CMS is adopting three new quality measures, remove three existing quality measures, and modify three current quality measures
- Low Volume Adjustment (LVA)
  - Modified calculation of the LVA extended through 2024
    - Result of the Consolidated Appropriations Act of 2023

CY2024 Medicare Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System Proposed Rule (7/13/2023)

- CMS issued a proposed rule that announces and solicits public comments on proposed policy changes for Medicare payments under OPPS and ASC on or after January 1, 2024
  - 60-day comment period ending September 11, 2023
- Key elements proposed include:
  - OPPS Update factor of 2.8% based on 3.0% projected market-basket increase, reduced by .2% productivity adjustment
    - Rural hospitals will fare better with a total expected increase of 4.4% due to wage index changes
  - Implementing the Intensive Outpatient Program (IOP) Benefit
  - Broaden enforcement of hospital transparency requirements
  - Updating the ASC covered produce list by adding 26 dental procedures, but no removals from the Inpatient Only list
  - Continue payment for 340B drugs administered in an OP setting at average sales price plus 6%
  - Not expanding the category of services subject to prior authorization



CY2024 Medicare OPPS and ASC Payment System Proposed Rule (7/13/2023) (continued)

- Additional Details on Key elements proposed:
  - Implementing the IOP Benefit
    - New program established by the 2023 Appropriations Bill meant to address a gap in coverage for beneficiaries who require behavioral healthcare more frequently than on a standard OP basis but less than in a partial hospitalization program (PHP)
      - For beneficiaries to be eligible, they require physician certification of needing at least 9 hours of care per week
    - Hospitals, community mental health centers, FQHCs and RHCs would be eligible to receive payment under IOPs
      - Coding for IOP services similar to PHP services, with level of intensity the differentiating factor between specific codes
      - Two IOP APCs for each provider type: one for days with three services per day and one with days with four or more services per day
        - Payment to FQHCs and RHCs as same rate as hospital
      - Group psychotherapy would be added to the list for both IOP and PHP

CY2024 Medicare OPPS and ASC Payment System Proposed Rule (7/13/2023) (continued)

- Additional Details on Key elements proposed:
  - Hospital transparency requirements
    - Requiring hospitals to use a CMS standardized, machine-readable template to submit charge information
      - Standard charges to be listed include in the template include gross charges, payer-specific negotiated charge, maximum and minimum deidentified negotiated charges, and cash discounted charges
      - Require placement in the hospital website root folder that would directly link the the machine-readable file
        - Price Transparency link included in footer of hospital homepage
    - Enforcement
      - Publicizing the enforcement actions that CMS has taken against hospitals
      - CMS to skip issuing warning letters and send request for corrective action plan for hospitals not complying
      - Maximum penalty for noncompliance increased from $100K to $2M and hospitals have until 3/1/2024 to comply

Source: CMS.gov Calendar Year 2023 Medicare Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Proposed Rule Fact Sheet, July 13, 2023

CY2024 Medicare OPPS and ASC Payment System Proposed Rule (7/13/2023) (continued)

- Additional Details on Key elements proposed (continued)
  - Changes to quality reporting
    - Hospitals to lose 2% off their payment if they fail to meet quality-reporting requirements
    - Adjustments to measure set:
      - Left without being seen measure removed
      - Modifying COVID-19 Vaccination Coverage amount healthcare personnel to reflect new CDC definition of being “up to date”
      - Modifying Improvements within 90 days following cataract surgery and appropriate follow-up for normal colonoscopy
    - Rural Emergency Hospitals (REHs) to adopt several standard quality program reporting policies and adoption of 4 Measures:
      - 1) Abdomen CT – use of contrast material; 2) Median time from ED arrival to ED departure for discharged ED patient; 3) Facility 7-day risk-standardized hospital visit rate after OP colonoscopy; and 4) Risk-standardized hospital visits within seven days after hospital OP surgery

Source: CMS.gov Calendar Year 2023 Medicare Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Proposed Rule Fact Sheet, July 13, 2023

CY2024 Medicare Physician Fee Schedule (PFS) Proposed Rule (7/13/2023)

- CMS issued a proposed rule that announces and solicits public comments on proposed policy changes for Medicare payments under the PFS, and other Part B issues, on or after January 1, 2024.
- Key elements include:
  - Conversion factor reduced by **3.34**% from $33.89 in CY23 to $32.75 in CY24
  - Proposing to make payment when practitioners (physician or non-physician practitioner) train and involve caregivers to support patients with certain diseases/illnesses in carrying out a treatment plan
  - Proposing to pay separately for Community Health Integration, Social Determinates of Health(SDOH) Risk Assessment, and Principal Illness Navigation to account for resources when clinicians involve community health workers, care navigators and peer support specialists in medically necessary care
    - Also proposing coding and payment for SDOH risk assessments to recognize when practitioners spend time and resources assessing SDOH

Centers for Medicare & Medicaid Services

Fact sheet

Calendar Year (CY) 2024 Medicare Physician Fee Schedule Proposed Rule

Jul 13, 2023 | Medicare Parts A & B

On July 13, 2023, the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule that announces and solicits public comments on proposed policy changes for Medicare payments under the Physician Fee Schedule (PFS), and other Medicare Part B issues, effective on or after January 1, 2024.

The calendar year (CY) 2024 PFS proposed rule is one of several proposed rules that reflect a broader Administration-wide strategy to create a more equitable health care system that results in better access to care, quality, affordability, and innovation.

CY2024 Medicare PFS Proposed Rule (7/13/2023) (continued)

- Key elements include (continued):
  - Proposing to implement a separate add-on payment for HCPCS code G2211 to better recognize the costs associated with E&M visits for primary care for complex patients
  - Telehealth proposals
    - Adding health and well-being coaching services for CY2024 and SDOH Risk Assessments on a permanent basis
    - Temporary expansion of the scope of telehealth originating sites for services furnished via telehealth to include any site in the US where the beneficiary is located at the time of the telehealth services
    - Expansion of the definition of telehealth practitioners to include qualified OTs., PTs, SP, and audiologists
    - Continued payment to FQHCs and RHCs using methodology established during the PHE
    - Delaying the requirement for an in-person visit with the provider within six months prior to initiating mental health telehealth services
    - Beginning in CY 2024, telehealth services furnished to people in their homes be paid at the non-facility PFS rate
    - Continue to define direct supervision to permit the presence and immediate availability of the supervising practitioner through real-time audio and video interactive telecommunications through 12/31/2024

CY2024 Medicare PFS Proposed Rule (7/13/2023) (continued)

- Key elements include (continued):
  - Behavioral Health proposals
    - Providing coverage and payment for services of marriage and family therapists (MFTs) and mental health counselors (MHCs)
    - Establishing new HCPCS codes for psychotherapy for crisis services
    - Allowing Health Behavior Assessment and Intervention services to be billed by clinical social workers, MFTs, and MHCs
  - Allowing PTs and OTs general supervision of their therapy assistants for remote therapeutic monitoring services

CY2024 Medicare PFS Proposed Rule – Medicare Shared Savings Program (MSSP) Proposals (7/13/2023)

- CMS issued a proposed rule that announces and solicits public comments on proposed policy changes for Medicare payments under MSSP on or after January 1, 2024
  - In general, incremental refinements to the CY 2023 Final rule
  - Overarching goal is to increase ACO participation by 10%-15%
- Key elements related to MSSP include:
  - Proposing changes to continue to move ACOs toward digital measurement of quality by establishing a new Medicare Clinical Quality Measure (CQM) collection type
  - Proposing refinements to financial benchmarking methodology
    - Applying a symmetrical cap to risk score growth in an ACO's regional service area, similar to an ACO's risk score growth
    - Applying the same HCC risk adjustment methodology to both the benchmark and the performance years, and
    - Further mitigating the impact of the negative regional adjustment on the benchmark to encourage participation by ACOs caring for medically complex, high-cost beneficiaries

Centers for Medicare & Medicaid Services

Fact sheet

Calendar Year (CY) 2024 Medicare Physician Fee Schedule Proposed Rule — Medicare Shared Savings Program Proposals

Jul 13, 2023 | Medicare Parts A & B

On July 13, 2023, the Centers for Medicare & Medicaid Services (CMS) issued the calendar year (CY) 2024 Medicare Physician Fee Schedule (PFS) proposed rule that includes proposed changes to the Medicare Shared Savings Program (Shared Savings Program) to further advance CMS' overall value-based care strategy of growth, alignment, and equity and to respond to concerns raised by accountable care organizations (ACOs) and other interested parties. These proposed changes include incremental refinements to the broader changes finalized in the CY 2023 PFS final rule (87 FR 69777 through 69968) as described in the CY 2023 Medicare Physician Fee Schedule Final Rule — Medicare Shared Savings Program Fact Sheet. This Fact Sheet summarizes the major proposed changes to the Shared Savings Program that are included in the CY 2024 PFS proposed rule and select issues on which we seek comment.

Source: CMS.gov Calendar Year 2024 Medicare Physician Fee Schedule Proposed Rule – Medicare Shared Savings Plan Program Proposals Fact Sheet, July13, 2023

CY2024 Medicare PFS Proposed Rule – MSSP Proposals (7/13/2023) (continued)

- Key elements related to MSSP include (continued):
  - Proposing to add a third step to the step-wise beneficiary assignment methodology to provide greater recognition of the rule of APPs in delivering primary care services
  - Seeking comment on potential future developments to shared savings program policies including incorporating a new track that would offer a higher level of risk and reward than currently available

Other Market Updates

Arkansas hospital files underpayment complaint against UnitedHealthcare

Alan Condon - Thursday, July 6th, 2023

Howard Memorial Hospital in Nashville, Ark., has filed a complaint against UnitedHealthcare's Medicare Advantage program alleging that the insurer had not been paying the hospital according to their contract, *Southwest Arkansas Radio* reported July 5.

After analyzing 31 accounts, Bill Craig, the hospital's CFO, alleges that UnitedHealthcare underpaid the hospital by $250,000, according to the report. Mr. Craig said he has been working with UnitedHealthcare to resolve the issue for about six months and that the insurer is aware that it has been underpaying Howard Memorial.

Despite being aware of the alleged underpayment, Mr. Craig said that the payer has not tried to remedy the situation.

On June 12, he filed the complaint against United Healthcare's Medicare Advantage product with the Medicare Part D complaint division, according to the report. Mr. Craig said he will give the Medicare Part D complaint division about 45 days and then follow up to see what action needs to be taken.

UnitedHealthcare did not respond to *Becker's* request for comment.

https://www.beckershospitalreview.com/finance/arkansas-hospital-files-underpayment-complaint-against-unitedhealthcare.html

Joint Commission Cuts Another 200 Standards (7/20/2023)

As part of an ongoing effort to streamline its accreditation standards, refocus its quality and safety standards and reduce the administrative burden on providers, the Joint Commission has eliminated 200 additional standards for provider organizations

This is the second round of revisions in an ongoing overhaul of Joint Commission standards, following a first round of cuts in December that sought to reduce administrative burden and remove unnecessary duplication. In January, the JC introduced a new Health Equity standard and eventually designated it a National Patient Safety Goal.

The most recent cuts, effective Aug. 27, include 28% of standards for laboratories, 26% for nursing facilities, and 25% for behavioral care centers

Critical Access Hospitals, home health providers, and ambulatory care centers will see a 15% reduction in standards

Many of the standards being eliminated are covered in other areas of the accreditation process and include those requiring facilities to report and investigate injuries to staff and patients, evaluate medication management effectiveness, and document some discharge criteria

Homeward Health Appoints Centene Exec to Board as it Grows Rural Services (7/5/2023)

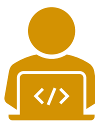
- Homeward Health, a startup focused on increasing rural healthcare access, serves Medicare beneficiaries in Michigan and Minnesota. The company sends providers to rural homes and sends mobile clinician units to rural areas to improve access. Recently, it partnered with Rite Aid to park its mobile units at their stores.
- Homeward recently appointed Brent Layton, former president and CEO of managed care company Centene, to its Board of Directors
- Layton helped Centene grow from around 300,000 to over 28M members, and his expertise could help expand Homeward as well

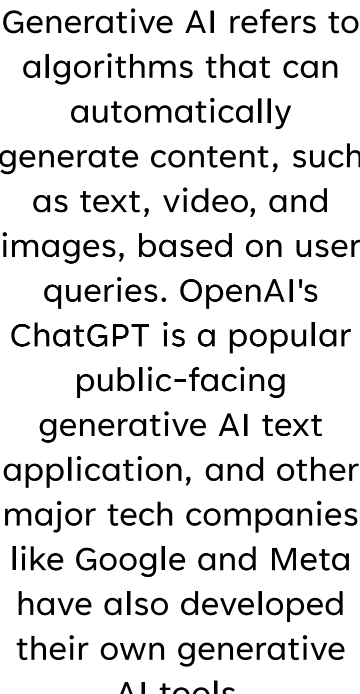
"I believe that healthcare access in rural America is one of the nation's most prominent challenges today, and it's clear that we cannot solve the problem using traditional care models or simply by building more brick-and-mortar clinics within rural communities"

Jennifer Schneider, co-founder and CEO of Homeward

Source: Healthcare Dive, *Rural health startup Homeward names long-standing Centene executive to board*, Brian T. Horowitz, 7/5/23
https://www.healthcaredive.com/news/rural-health-startup-homeward-names-long-standing-centene-executive-to-boar/

Generative AI in Healthcare (5/15/2023)





Generative AI refers to algorithms that can automatically generate content, such as text, video, and images, based on user queries. OpenAI's ChatGPT is a popular public-facing generative AI text application, and other major tech companies like Google and Meta have also developed their own generative AI tools.

Healthcare is excited about generative AI because it has the potential to assist with administrative tasks that require human oversight, such as billing, clinical notes, and patient communication. However, there are concerns about the potential misuse and accuracy of generative AI in healthcare.

Privacy concerns exist as well, as the public version of ChatGPT is not compliant with the Health Insurance Portability and Accountability Act (HIPAA).

Health systems like Epic, UW Health, UC San Diego Health, Baptist Health, and Cleveland Clinic have begun experimenting with generative AI for clinical and administrative functions. Potential applications of generative AI in medicine include patient communication, improving cancer care, medical education, and diagnosing rare diseases with high accuracy.

Despite the excitement, many believe that generative AI is not yet ready to replace humans, and human intervention is still necessary when integrating these solutions into clinical care. The development of AI in healthcare has outpaced government efforts to regulate it, and health systems are establishing their own safeguards.

THIS ARTICLE WAS SUMMARIZED BY CHATGPT AND THIS SLIDE WAS DESIGNED BY POWERPOINT'S AI-POWERED DESIGN GENERATOR.

Source: Modern Healthcare, *Dr. ChatGPT: A guide to generative AI in healthcare*, Gabriel Perna, 5/15/23 https://www.modernhealthcare.com/digital-health/chatgpt-healthcare-everything-to-know-generative-ai-artificial-intelligence. *Article summarized by ChatGPT.*

Apple Health Will Use Technology and Devices to Prevent Disease (3/1/2023)

- Dr. Sumbul Desai, MD, vice president of Apple Health, said Apple will use its technology and wearable devices to change patients' and providers' behavior to prevent disease
- Per Dr. Desai, privacy will be a key component of Apple Health's services; she cited a strict commitment to privacy as causing a delay in the company's heart rate monitoring technology
- Unlike fellow healthcare disruptors such as Walmart, Samsung, and Amazon, Apple has no plans to enter the healthcare delivery space

"If we can touch people's lives in a way, where we can prevent them from developing diseases, or actually be healthier and feel like they're empowered and educated to drive their own healthcare, there's nothing more impactful than that."

Apple CEO Tim Cook

Source: Becker's Hospital Review, *Apple wants to prevent disease, empower patients to 'drive their own healthcare', says VP of health*
Giles Bruce, 3/1/23, https://www.beckershospitalreview.com/disruptors/apple-wants-to-prevent-disease-empower-patients-to-drive-their-own-healthcare-says-vp-of-health.html

UnitedHealth Buys OptumCare and invests in Home Health

"When you begin to pencil out the math, as we move people into value-based arrangements, that will be a major driver of how we'll move to a $100 billion book of business."

Wyatt Decker, MD
OptumHealth CEO

Managed care company **UnitedHealth Group purchased OptumCare**, comprised of **56,000 physicians and 1,600 clinics,** and **plans to grow it to a $100B business** through value-based arrangements

OptumCare is also launching a virtual care platform – Optum Virtual Care – that supports its plan to integrate virtual care, home care, and care clinics across all 50 states

Per OptumHealth (OptumCare parent) CEO Dr. Wyatt Decker, under the new arrangement physicians will be paid to keep patients healthy

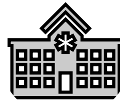
During Q1 2023, purchased home health group LHC for $5.4B, which employs about 30,000 people, operates in 37 states and cares for over 500,000 patients annually

During Q2 2023, outbid competitors to acquire home care company Amedisys for $3.3B, further expanding Home Care services

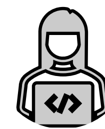
Source: Becker's Hospital Review, How UnitedHealth plans to make Optum a $100B business, Ayla Ellison, April 23, 2021, https://www.beckershospitalreview.com/finance/how-unitedhealth-plans-to-make-optum-a-100b-business.html?origin=CIOE; Beckerspayer.com, *UnitedHealth to buy home-health firm LHC Group,* Andrew Cass, 3/29/22 https://www.beckerspayer.com/m-and-a/unitedhealth-to-buy-home-health-firm-lhc-group.html?origin=CFO; *https://www.fiercehealthcare.com/providers/unitedhealth-outbids-option-care-health-amedisys-33b-deal*

CVS and Primary Care: August 2023 Update

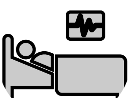
CVS continues efforts to expand its primary care presence as competitors such as Amazon, Walmart and Walgreens take major steps forward including its recent major purchase of home health company Signify Health



After losing concierge medicine group One Medical to Amazon, CVS signaled it may move forward with multiple smaller, regional acquisitions rather than larger ones as competitors have done

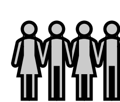


CVS is currently working with Amwell to roll out the virtual care platform it announced in May 2022 which provides virtual access to primary care, on-demand care, chronic condition management and mental health services and to eligible Aetna and CVS Caremark members



In early September 2022, CVS and Signify Health announced that CVS will buy the Dallas-based home health company for $8B. This is the next step as CVS transforms from a retailer to a healthcare giant. ***The Signify Health purchase represents a key milestone in CVS's effort to provide comprehensive healthcare offerings, as it now includes home health and value-based care in addition to its retail clinics. Purchase was finalized in May 2023 for $8B.***

In January '23, CVS began talks with Oak Street Health, a private-equity-backed company that runs primary care centers across the US for Medicare recipients. Oak Street Health, which serves a 42% dual-eligible population, provides primary care that addresses social determinants of health. ***The deal was finalized in May 2023 for $10.6B.***



CVS's ACO division and Chicago-based Rush University System for Health are now collaborating to coordinate care at area MinuteClinics as participants in the Medicare ACO REACH program. Through the partnership, Medicare MinuteClinic patients will have access to Rush providers for follow-up care, and Rush patients will have access to customized care at participating MinuteClinic locations.

Modern Healthcare, *After Signify Health, CVS still looking for more deals,* Nona Tepper and Lauren Berryman, 9/6/22 https://www.modernhealthcare.com/mergers-acquisitions/after-signify-health-cvs-still-looking-more-deals; HFMA.org, *CVS Health gains capabilities in home healthcare and value-based care with massive deal to buy Signify Health*, Nick Hut, 9/27/22 https://www.hfma.org/topics/news/2022/09/cvs-health-gains-new-capabilities-in-home-healthcare--value-base.html; Becker's Hospital Review, *CVS exploring acquisition of Oak Street Health*, Naomi Diaz, 1/10/23 https://www.beckershospitalreview.com/disruptors/cvs-exploring-acquisition-of-oak-street-health.html; Modern Healthcare, *CVS Health taps Rush for ACO REACH collaboration,* 1/23/23; hfma.org, *Healthcare News of Note: CVS finalizes purchases of Signify Health, Oak Street Health, moving into home healthcare and primary care,* Deborah Filipek, 5/8/23

Amazon’s trajectory of healthcare disruption

- **Since 2018, Amazon has taken major steps—some successful, others less so—to position itself as a major disruptor in the healthcare industry. Most recently, it acquired primary care company One Medical for $3.9 billion, with Amazon CEO Andy Jassy citing a mandate from customers to "radically improve the healthcare experience.“ Amazon Web Services has also joined the healthcare and AI spaces by creating HealthScribe, a generative AI tool that listens to patient/provider conversations and extracts clinical notes, easing the burden on providers.**

2018

- Amazon acquires online pharmacy PillPack, setting the stage for its Amazon Pharmacy service
- Haven partnership is announced with JPMorgan Chase & Co. and Berkshire Hathaway to use negotiating power to lower prices

2019

- Amazon Care launches, beginning as a virtual clinic for employers enrolled in Amazon health insurance plans

2020

- Amazon Pharmacy rolls out, giving customers in 45 states access to unlimited, free deliveries of prescription medications

2021

- Haven disbands, citing lack of scale to negotiate effectively

2022

- Amazon Care shuts down, with healthcare CEO saying the offering was not complete enough for large customers
- “Virtual healthcare storefront” Amazon Clinic launches, offering users access to third-party telehealth

2023

- Amazon begins RxPass, a low-cost drug subscription service aimed at consumers with common medical conditions
- OneMedical acquired for $3.9B
- Amazon Web Services announces HealthScribe, a new generative AI model to help providers with clinical notes

Source: Modern Healthcare, *How Amazon built its healthcare strategy from Haven to One Medical,* Brock E.W. Turner and Caroline Hudson, 2/23/23 https://www.modernhealthcare.com/digital-health/amazon-healthcare-strategy-one-medical-rxpass-andy-jassy-neil-Lindsay; Fierce Healthcare, AWS rolls out generative AI service for healthcare documentation software, Heather Landi, 7/27/23 https://www.fiercehealthcare.com/ai-and-machine-learning/aws-rolls-out-generative-ai-service-healthcare-documentation-software

HEALTH SYSTEMS THAT PARTNER WITH ONEMEDICAL

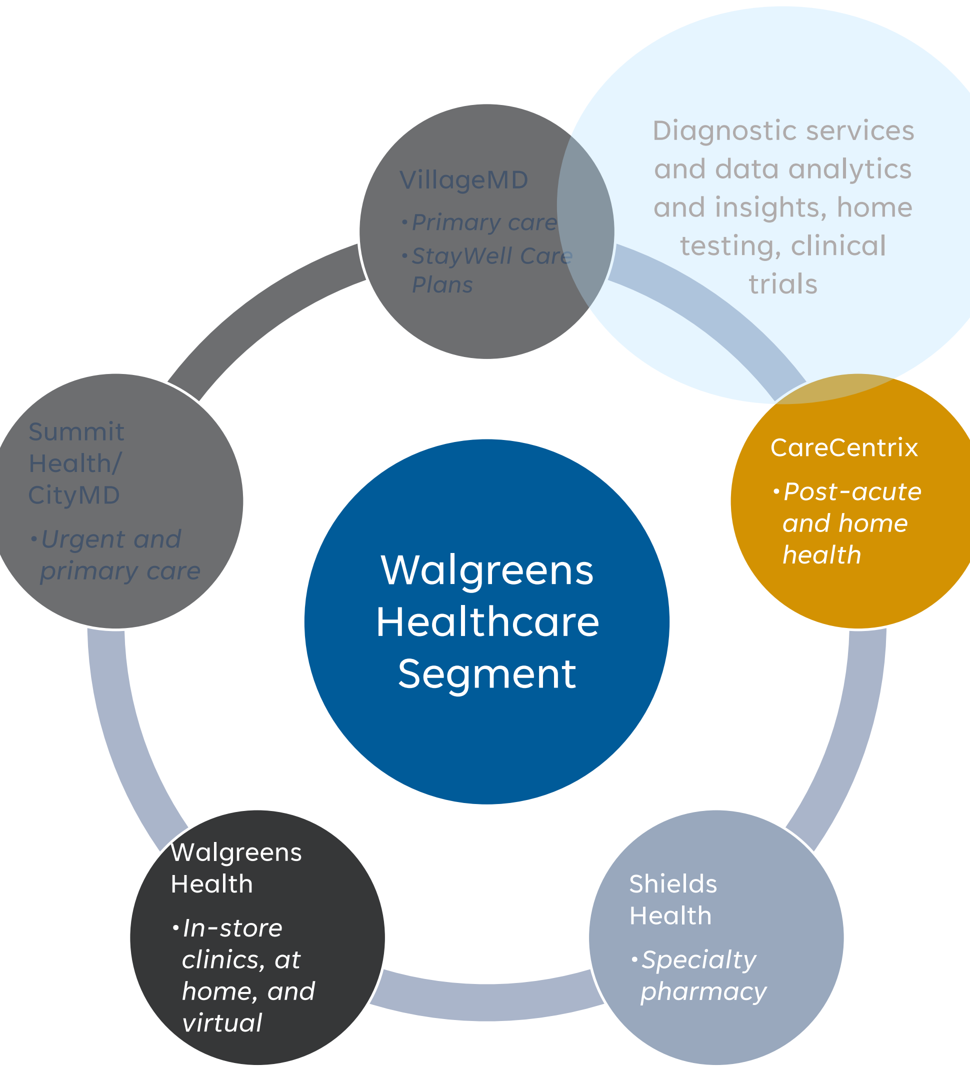
The following 16 health systems partner with OneMedical, and now with Amazon as a result of the acquisition. The partnership creates a massive national reach for the retail giant.

- Advocate Health Care (Downers Grove, Ill.) — for Chicago market
- Ascension Seton Medical Center (Austin, Texas)
- Baylor Scott & White Health (Dallas)
- Dignity Health (San Francisco) — for Phoenix market
- Duke Health (Durham, N.C.)
- Emory Healthcare (Atlanta)
- Houston Methodist
- Mass General Brigham (Somerville, Mass.) — for Boston market
- MedStar Health (Columbia, Md.) — for Washington, D.C., market
- Mount Sinai Health System (New York City)
- Ohio State University Wexner Medical Center (Columbus)
- Providence (Renton, Wash.) — for Los Angeles, Orange County, Calif., and Portland, Ore., markets
- Swedish Health Services (Seattle)
- UC San Diego Health
- UCSF Health (San Francisco)
- University of Miami Health System

Source: Becher’s Hospital Review, *16 health systems that partner with One Medical (and now Amazon)*, Giles Bruce, *2/24/23 https://www.beckershospitalreview.com/innovation/16-health-systems-that-partner-with-one-medical-and-now-amazon.html*

Walgreens Ramps Up Healthcare Efforts (8/03/2023)

- Despite a lower profit projection as the pandemic wanes, Walgreens steadily continues to grow its healthcare investments
- Walgreens acquired primary care provider VillageMD, which in turn acquired urgent and primary care provider Summit Health-CityMD, creating one of the country's largest independent provider groups with over 850,000 patients under value-based contracts. ***VillageMD is growing quickly, with plans to add 1,000 clinics at Walgreens stores by 2027.***
    - ***An integrated pharmacist ambulatory care model under VillageMD has driven more than a 40% reduction in hospital readmissions over 30 days and reduced the material A1c reduction in diabetic patients***
    - ***VillageMD plans to focus on care coordination and healthcare access for older patients with multiple chronic conditions through its Stay Well Care Plans***
- CareCentrix, another recent acquisition, is a post-acute care and home health provider that manages care for over 19 million members
- In December 2023, Walgreens bought Shields Health Solutions, a pharmacy company that works with providers on pharmacy solutions for patients with complex medical conditions
- With its primary care bases covered, Walgreens has begun expanding into new areas such as diagnostics and data analytics, including at-home testing for colorectal cancers, and clinical trials



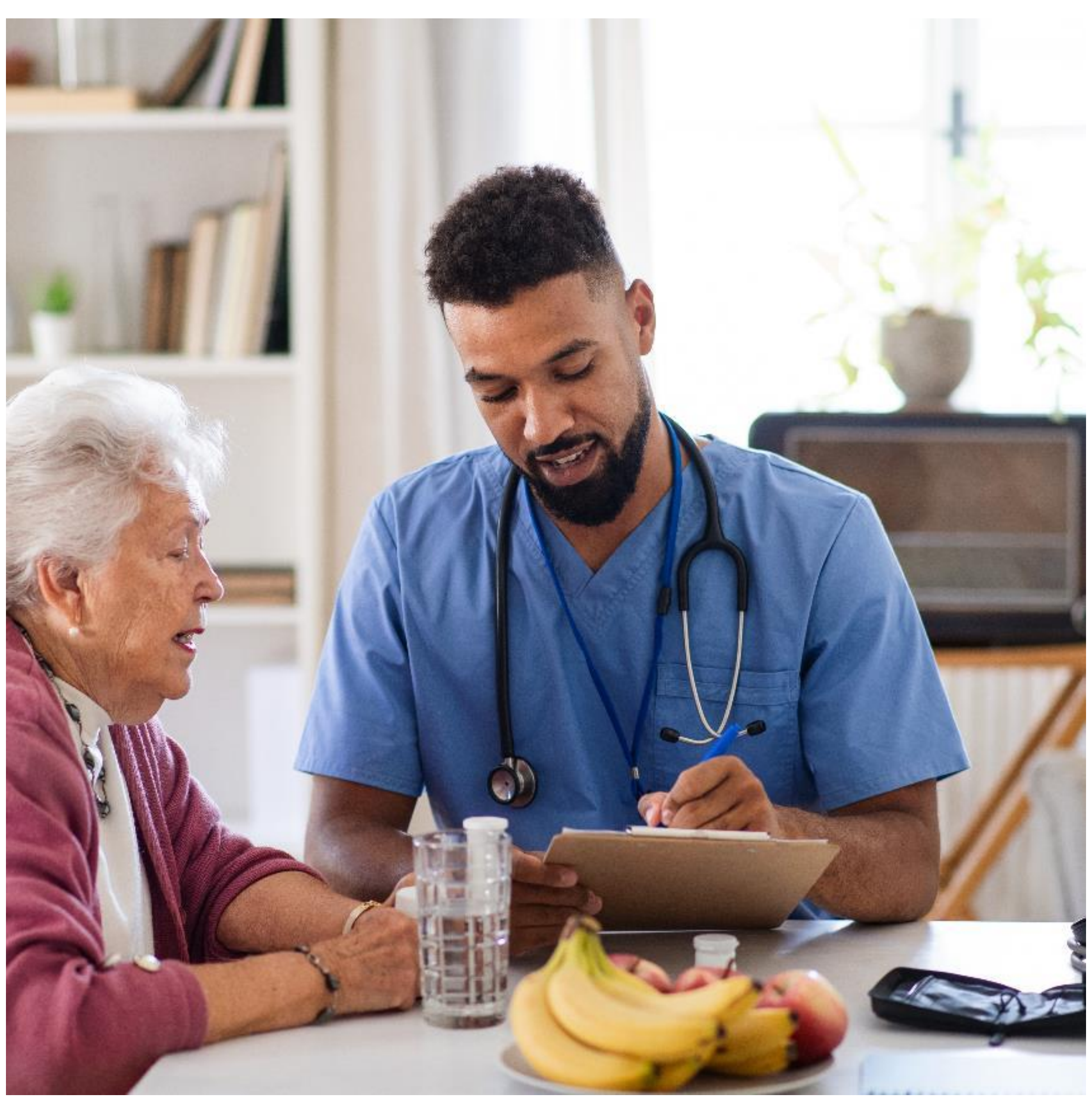
Source: FierceHealthcare, *Walgreens slashes financial outlook, ramps up efforts to drive profitability in healthcare unit*, Heather Landi, 6/27/23 Walgreens Q3 profits fall to $118M, slashes earnings outlook (fiercehealthcare.com); *Modern Healthcare, Q&A with VillageMD on Stay Well Care Plans initiative*, Caroline Hudson, 8/3/23 https://www.modernhealthcare.com/patient-care/villagemd-walgreens-stay-well-care-plans-advanced-stuart-levine-bryan-becker

GAS STATION QUIKTRIP Ventures Into PRIMARY CARE (8/16/2023)

- Amid a trend of retailers entering the healthcare space, gas station company QuikTrip, known for its breakfast tacos, has launched an urgent care clinic venture called MedWise. It has opened 12 clinics to far in the Tulsa, OK area.
- While the MedWise clinics may be located near QuikTrip stations, they are housed in separate buildings
- QuikTrip has provided primary care to its employees for several years, first through third parties and then it its own clinics. This led QuikTrip leadership to seek ways to offer this service to the public.
- Per industry expert Lou Ellen Horwitz, although gas stations and urgent care may seem like a strange combination, the two ventures share priorities such as convenient locations, customer access, and accommodating walk-ins

Source: KFF Health News, *Funyuns and Flu Shots? Gas Station Company Ventures Into Urgent Care*, Bram Sable-Smith, 8/16/23
https://kffhealthnews.org/news/article/funyuns-flu-shots-gas-station-chain-urgent-care-clinics

Best Buy and Atrium Health Will Partner to Grow Hospital-at-Home



- Following other major retailers, Best Buy will continue to expand its healthcare presence through a partnership between Best Buy Health and Atrium Health to grow and develop Atrium's hospital-at-home program
- Unlike typical telemedicine offerings that provide patient monitoring or primary care, hospital-at-home programs allow patients to receive acute-level care at home, freeing up hospital beds and reducing costs
- While Atrium Health has one of the largest hospital-at-home programs in the country, the concept has been difficult to develop due to challenges with patient education and technology installation in the patients' homes, which is where Atrium hopes Best Buy Health's technology capabilities will help

Fierce Healthcare, *Walmart Health is opening its latest clinics in Florida. Here's how they fit into its 'omnichannel' vision,* Paige Minemyer, 4/5/22 https://www.fiercehealthcare.com/retail/walmart-health-opening-its-latest-clinics-florida-heres-how-they-fit-its-omnichannel-vision; Modern Healthcare, *UnitedHealth inks Medicare Advantage deal with Walmart,* Lauren Berryman, 9/7/22 https://www.modernhealthcare.com/medicare/unitedhealth-walmart-medicare-advantage-deal; Modern Healthcare, *Walmart to launch 16 Florida health centers next year,* Marc Devereaux, 10/26/22 https://www.modernhealthcare.com/finance/walmart-launch-16-florida-health-centers-2023; HealthcareDive, *Walmart Health plans clinic expansion in 2024, pushing into 2 new states*, Rebecca Pifer, 3/2/23 https://www.healthcaredive.com/news/walmart-health-plans-double-medical-centers-in-2024

Call to Action: Primary Care Investments & Alignment with Non-Traditional Players (Recent Highlights)

Q1/2021

CVS targets 65B healthcare interactions by 2030, driven by investments in HealthHub and community health[1]

Digital health companies offering primary care brought in the second most funding in Q1 2021, driven by Ro ($500M), Dispatch Health ($200M), and Eden Health ($60M)[2]

Q2/2021

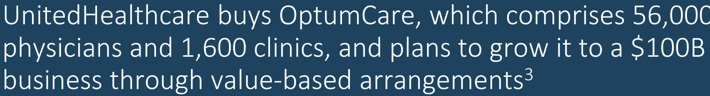
UnitedHealthcare buys OptumCare, which comprises 56,000 physicians and 1,600 clinics, and plans to grow it to a $100B business through value-based arrangements[3]

OptumCare is also launching a virtual care platform called Optum Virtual Care that supports its plan to integrate virtual care, home care, and care clinics across all 50 states

Q3-Q4/2021

Carbon Health banks another $350M from PE firm to become 'largest primary care provider in the U.S.'4

OneMedical acquires Iora Health, a leading value-based primary care group serving Medicare patients at 47 offices. "Together, we'll deliver exceptional, human-centered, technology-powered primary care to more people in more places — across every stage of life"[5]



Q1/2022

Humana plans to expand its health centers for older adults with $600M investment from PE firm[6]

PE firm invests $500M in FL-Florida based primary care physician group and managed services organization[7]

Aledade (software company helping physicians and primary care transition to value-based care) launches new health services unit via an acquisition of Iris healthcare[8]

Sources:

1. https://www.fiercehealthcare.com/payer/cvs-wants-to-facilitate-65b-healthcare-interactions-by-2030-here-s-how
2. https://rockhealth.com/insights/q1-2021-funding-report-digital-health-is-all-grown-up/
3. https://www.beckershospitalreview.com/finance/how-unitedhealth-plans-to-make-optum-a-100b-business.html?origin=CIOE
4. https://www.fiercehealthcare.com/tech/carbon-health-banks-another-350m-to-become-largest-primary-care-provider-u-s
6. https://www.modernhealthcare.com/insurance/humana-grows-private-equity-backed-primary-care?utm_source=modern-healthcare-am-friday
7. https://www.fiercehealthcare.com/finance/physician-partners-kinderhook-500m-investment-value-based-care?utm_source=email
8. https://www.fiercehealthcare.com/tech/jpm-2022-aledade-scoops-up-advance-care-planning-startup-iris-healthcare-to-build-out-health

Call to Action: Primary Care Investments & Alignment with Non-Traditional Players (Recent Highlights)

Q2-Q3/2022

Amazon and CVS compete to acquire primary care company One Medical; Amazon prevails and buys the company for $3.9 billion[1]

CVS, Amazon, UnitedHealth Group and Option Care Health vie for ownership of, health risk-assessment provider Signify Health; CVS wins with a purchase price of approximately $8B[2]

CVS reportedly enters a bidding war with Humana to buy Cano Health, a technology-enabled primary care practice[3]

Q1-Q2/2023

CVS acquires Oak Street Health for $10.6B in an all-cash transaction at $39 per share further expanding CVS's push into primary care[5]

Q4/2022

Walgreen's VillageMD acquires Summit Health for $8.9B becoming the largest investment in primary care in 2022[4]

Sources:

1. https://www.fiercehealthcare.com/health-tech/amazon-shells-out-39b-primary-care-startup-one-medical
2. https://www.fiercehealthcare.com/retail/cvs-wins-bidding-war-signify-health-will-acquire-company-8b-deal
3. https://www.modernhealthcare.com/mergers-acquisitions/cvs-humana-aim-rival-unitedhealth-bidding-wars
4. https://www.fiercehealthcare.com/providers/walgreens-villagemd-inks-9b-deal-buy-summit-health-expand-healthcare-footprint

Rural Hospital Closures (6/23/2023)

154 Closed Rural Hospitals

There have been 154 Rural Hospital closures since 2010 and 195 since 2005. Five (5) of the closures in 2023 are REH Conversions.

STROUDWATER

Closure Year	Hospital Name
2023	St. Margaret's Health - Spring Valley-IL
	St. Luke's Health - Memorial Hospital - San ..
	Sturgis Hospital-MI
	REH- Anson General Hospital-TX
	REH- Irwin County Hospital-GA
	REH- Alliance Healthcare System-MS
	UPMC Lock Haven-PA
	REH- Falls Community Hospital and Clinic-TX
	St. Mark's Medical Center-TX
	REH- Crosbyton Clinic Hospital-TX

StateAbv	# Closed
TX	26
TN	15
MO	10
GA	9
OK	9
KS	8
NC	7
AL	6
FL	5
MS	5
PA	5
CA	4
IL	4
MN	4
SC	4
AZ	3
KY	3
ME	3
NY	3
IN	2
MI	2
NE	2
OH	2
VA	2
WV	2
AK	1
AR	1
IA	1
LA	1
MA	1
MD	1
NV	1
SD	1
WI	1

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Closure Year	Prospective Payment System	Critical Access Hospital	Medicare Dependent Hospital	Sole Community Hospital	Disproportionate Share Hospital	Re-based Sole Community Hospital	Rural Referral Center	Total
2010	2					1		3
2011	3	2						5
2012	5	3	1					9
2013	5	6	2					13
2014	2	7	5	1	1			16
2015	9	5	1	1			1	17
2016	4	2	2	2				10
2017	4	5	1					10
2018	6	3	4	2				15
2019	6	6	4	2				18
2020	10	4	4					18
2021	1	2						3
2022	1	1	2	2				6
2023	3	2	4	2				11
Total	61	48	30	12	1	1	1	154

Medicare Payment Type
- Prospective Payment System
- Critical Access Hospital
- Medicare Dependent Hospital
- Sole Community Hospital
- Re-based Sole Community Hospital
- Disproportionate Share Hospital
- Rural Referral Center

Current Status of Medicaid Expansion Decision
- Adopted the Medicaid Expansion
- Not Adopting the Medicaid Expansion at this Time

Updated:6/23/2023

Sources: The North Carolina Rural Health Research Program (NC RHRP) at the Cecil G. Sheps Center for Health Services Research & kff.org

Design:@GreggLathrop

Questions?