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State and Federal Issues Update

Nebraska HFMA

2017 NHA Annual Convention

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State Update

State Update

- Legislative Update
- Heritage Health
- APR-DRGs
- Enhanced Ambulatory Patient Groups (EAPGs)
- Dual Eligible
- Cost Report Settlements – Arbor/Aetna

Legislative Update

- 2017 Review
 - Of 667 bills, 122 flagged as bills of interest to the NHA
 - Budget Shortfall (\$1.1 billion gap between projected revenues and spending for the two-year budget period ending June 30, 2019)
 - Biennial Budget
 - Taxes
 - Corrections
 - Health and Human Services

Legislative Update

- 2017 Review
 - 90 day session turned into 60 day session
 - Rules of the Legislature
 - Referencing of Bills
 - Day 33, 2 bills signed into law (28 in 2015)
 - Day 51, 14 bills signed into law (83 in 2015)
 - Bills still advancing

Legislative Update

- 2017 Review
 - Bills of Interest - Supported
 - LB 61 Interstate Medical Licensure Compact
 - LB 92 Telehealth coverage
 - Bills of Interest – Opposed
 - LB 327 Biennial Budget
 - LB 368 Helmet Law Repeal

Legislative Update

- 2018 Priorities
 - Behavioral Health
 - Telehealth
 - Medicaid Program Transformation
 - Health Care Professionals Credentialing
 - Opiate Crisis Initiatives
 - Law Enforcement Custody of Patients
 - Economic Development

Heritage Health Update

- Continuing to monitor implementation of program.
- Keep Senators informed
- Continue working with DHHS to get issues resolved.

APR-DRG Update

- Error in implementation resulted in a 6% underpayment since 2014.
- Brought to the attention of Medicaid and they acknowledged error but have failed to correct.
- Legislature passed LB327 which provided a 3% fix.
- DHHS, despite the direction of the Legislature, does not intend to correct.
- Determining next steps.

APR-DRG Update

- 2017 Rebasing APR-DRG weights.
 - 3M has released Version 35.
 - Medicaid intends to update to the new version.
 - Implementation of changes would be budget neutral.
 - Medicaid analysis should be available by Thanksgiving.
 - Medicaid will set up workgroup to review the numbers.

Enhanced Ambulatory Patient Groups (EAPGs)

- EAPGs are similar to Medicare's APCs.
 - More bundling than APCs.
- Intend to implement change July 1, 2018.
- Moving outpatient reimbursement from cost-based percent of charge.
 - Implement on a budget neutral basis.
- Provided a draft analysis to PPS providers at end of September.
 - Have requested additional information.

Enhanced Ambulatory Patient Groups (EAPGs)

- Considering roll out to Critical Access Hospitals.
 - With cost based reimbursement would have no impact in long term.
 - Would impact CAHs in short term, cash flow.
 - We have questioned why they would consider.
 - If they intend to proceed, we will get them to set up a CAH work group to discuss the implementation.

Dual Eligible Update

- Implemented July 1, 2017
- Change is estimated to save Medicaid \$11.8 million. Impacts providers in state by \$23 million.
- Have asked DHHS to study the impact and if savings generated exceed the projections, put the dollars back into rate adjustments for providers.
- Nebraska Total Care and Wellcare did not have correct Coordination of Benefit agreements with Medicare to properly process claims.

Cost Report Settlements

- Arbor & Aetna contracts end 12/31/2017.
- Arbor will process all outstanding 2016 and 2017 cost reports by year end.
 - Estimated settlements will be done for 2016 claims in 2017 fiscal year ends.
 - Settlements will be final.
- Aetna is currently reviewing 2016 reports.
 - Intend to settle all outstanding 2016 and 2017 cost reports.
 - May use 2016 as a proxy to settle 2017.
 - Aetna will be available to deal with settlements in 2018 if needed.

Federal Update

Federal Update

- Repeal & Replace
- Trump Executive Orders
- CHIP Re-authorization
- 340b
- 96 Hour Rule
- Provider Based Services

Repeal & Replace

- Congress is tired of healthcare right now.
- Reconciliation window has closed so anything that comes forward now will require 60 votes in the Senate.
- Trump's Executive Orders may require legislation, i.e. CSR payments.

Trump Executive Order

- Promoting Healthcare Choice and Competition Across the United States
 - Expanding access to Association Health Plans.
 - Expands the conditions that satisfy the commonality-of-interest requirements.
 - Exempt from ACA requirements such as essential benefits.
 - Plans crossing state lines.
 - Expanding coverage period for Short-Term, Limited Duration Insurance plans.
 - From 3-months to 12-months.
 - Renewable.
 - Expanding flexibility and use of Health Reimbursement Arrangements.
 - Expand employers' ability to offer.
 - Allow to be used in conjunction with nongroup coverage.

Trump Executive Order

- Elimination of Cost Sharing Reduction (CSR) payments to insurance companies.
 - Congress has appropriated the funds.
 - According to the Congressional Budget Office
 - Drives up premiums by 20% in 2018 and 25% in 2020. Most plans set rates for 2018 with the thought that the CSR payments would end.
 - Denies choice for consumers or completely eliminates options.
 - Increases the federal budget deficit by \$194 million over the next 10 years.

CHIP Re-Authorization

- Word from Washington is that this will happen in December.
- Broad bipartisan support.
- Nebraska has funds for program through the end of April 2018.

340b

- Outpatient PPS proposal to cut reimbursement for 340b drugs by 28.5%.
 - AHA has come out strong on this issue.
 - CMS lacks statutory authority to make this significant reduction.
 - Violates Congressional intent of the program.
 - Effectively repeals the program.
 - Sign on letters from House and Senate.

340b

- Congress will look at the program.
 - House Energy and Commerce has started to look at the program.
 - Hearings with HRSA, GAO, OIG and providers.
 - Concerns regarding oversight by HRSA.
 - Concerns regarding lack of information about savings.
 - Concerns about lack of information how the savings are truly being used.

96-Hour Rule

- In the Inpatient PPS rule, CMS re-affirmed their stance that this is a low priority issue.
- Proposed legislation by Rep. Adrian Smith to fix.
- CBO preliminary score of \$1 Billion impact causing concerns.
 - We are working with Smith's office on this.

Provider Based Services

- BiBA of 2015 required that services furnished in off-campus settings that began billing for services under OPPS on or after November 2, 2015 would no longer be paid under OPPS.
 - For CY 2017 these services were paid at 50% of the OPPS rate.

Provider Based Services

- In the proposed CY 2018 Physician Fee Schedule rule, CMS is proposing to adjust the reimbursement rate to 25% of the OPPS rate.
 - CMS changed the methodology it used in 2017 to set this new rate.
- AHA has opposed this change stating that, “would be arbitrary and capricious because it is unreasonable and unsupported by existing data...”.
- AHA has provided CMS with its own analysis that shows the rate should be 65%.

Medicare DSH

- FY 2018 IPPS implements S-10 data as part of calculation of DSH payments.
 - Will use FY 2014 in 2018 calculation.
- Providers have until October 31, 2017 to submit amended S-10 information to the MAC for FY 2014 and FY 2015.

Medicaid DSH

- CMS Medicaid DSH cuts as mandated by the ACA.
 - \$2 billion in FY 2018
 - Additional cuts through 2025 totaling \$34 billion.
- Nebraska is considered a low DSH state.
- The estimated impact to Nebraska is about \$1.4 million, a 4.6% reduction.

Questions?

NHA Topics

NHA Topics

- Community Benefit reporting.
- Hospital tours for State Legislators.
 - Telling our story.
- PAC Participation.

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