Countdown Until Latest Doc Fix (SGR) Patch Expires: 20 Days - March 31st

NOTEWORTHY

Jon Grayson and Frazer Rolen with HCA’s Government Relations Team accept the FedPAC Leadership Award on behalf of HCA from FAH Chair David Vandewater at the recent Federation of American Hospitals Conference. The Leadership Award is given to the organization that exceeds their FedPAC goal by the greatest percentage.

FEDERAL

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- MedPAC Discusses Potential Policy Changes
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- OIG Recommends Medicare Pay SNF Rates for CAH Swing Beds

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FEDERAL

SGR (Doc Fix) Update - Deadline Approaches

Conversations continue on Capitol Hill on both a permanent physician fix and a shorter-term patch. All of the issues of concern to the hospital industry, such as site-neutral outpatient cuts, cuts to graduate medical education, physician-owned hospitals, bad debt, changes to the critical access hospital program, the two-midnight policy, readmissions, Medicare extenders, inpatient rehabilitation facilities (IRFs), etc., are at risk in either context.
**Hospital Cuts Remain a Target.** Lawmakers are considering, among a number of proposed cuts, three that would reduce payments for outpatient care to the level of less intensive care sites. The American Hospital Association recently released a [study](#) that found Hospital Out-Patient Departments (HOPDs) treat sicker and poorer patients in need of more extensive care and resources than do physician offices. A reduction in Medicare Bad Debt is also a possible target.

**Coalition Providing Support:** The Coalition to Protect America’s Health Care has extended its TV ad buy for another week, as Congress begins to ramp up discussions on what to do about a physician payment fix. The TV spot and this week's schedule of placements can be [found here](#). In addition, large-scale print ads will be in place at Reagan National Airport for the entire month of March.

**ACA Cost Goes Down**

The Congressional Budget Office (CBO) released [updated figures](#) this week, which show that the federal government will spend 11 percent less on the Affordable Care Act (ACA) over the next decade than previously anticipated. Overall, the ACA is expected to cost $1.2 trillion over the next 10 years, down from the previous estimate of $1.35 trillion. According to the CBO, the decline in estimated spending is the result of fewer people enrolling in exchange coverage than the agency had anticipated, in addition to a slowdown in health care spending growth. Also, fewer individuals signed up for Medicaid and more individuals were enrolled in employer-sponsored health plans and private coverage than had been expected.

**MedPAC Discusses Potential Policy Changes**

The Medicare Payment Advisory Commission (MedPAC) has met to discuss recommendation for policy changes, such as short hospital stays. MedPAC Chair Glenn Hackbarth said at the March meeting that he plans to include a section in the recommendations that would address the short hospital stay issue in the Commission’s June report to Congress. Meeting attendees largely agreed with the proposed changes, which include:

- Examining the use of penalties for hospitals that have "excess levels" of short inpatient stays
- Expanding Medicare’s three-day stay requirements for skilled
nursing facilities to include observation hours
- Requiring advisers to notify beneficiaries if their stays are categorized as observation hours
- Shortening the amount of time Recovery Audit Contractors have to examine whether short stays were necessary
- Updating the RAC program to focus on hospitals with the largest amounts of short hospital stays

MedPAC makes a report to Congress in March and June of each year and will hold its next meeting on April 2-3, 2015.

Senate Passes Resolution to Nullify NLRB Rule Expediting Union Elections

The Senate has voted 53-46 to approve a joint resolution (S.J. Res. 8) to nullify a National Labor Relations Board (NLRB) final rule changing the process for filing and processing petitions for union representation of employees. The rule, which will go into effect April 14, will shorten the time between a union filing a petition for election and the NLRB holding an election from an average 38 days to as few as 14. Last week the Coalition to Protect a Democratic Workplace urged the Senate to adopt the resolution to adequately assure employees the fullest freedom in exercising their right to choose whether to be represented by a union. The House must pass a similar resolution (H.J. Res 29) before the legislation goes to the president, who has said he will veto it if it reaches his desk.

OIG Recommends Medicare Pay SNF Rates for CAH Swing Beds

The Department of Health and Human Services’ Office of Inspector General (OIG) has recommended that the Centers for Medicare & Medicaid Services (CMS) should seek legislation to reduce swing-bed reimbursement rates for Critical Access Hospitals (CAHs) from 101% of reasonable costs to the daily rates paid under the Skilled Nursing Facility (SNF) Prospective Payment System (PPS). The OIG report estimates that Medicare could have saved $4.1 billion between 2005 and 2010 if CAHs were paid for swing-bed services using SNF PPS rates. In comments included in the report, CMS disagreed with the recommendation, saying the OIG finding “overestimates savings by failing to incorporate important factors such as the level of care needed by swing-bed patients, transportation fees to alternative facilities, and the use of point-to-point mileage distances instead of road miles.” The agency also
expressed concerns with the methodology used to determine the findings on availability of skilled nursing services at nearby alternative facilities and the calculation of cost savings.

**STATE**

**Florida**

**Low Income Pool Transition** - The Low-Income Pool (LIP), which is set to expire on July 1, was originally established under the Medicaid Reform 1115 Waiver in 2005. The state is now ready to transition to a LIP replacement model, which will be worked out in negotiations between the Centers for Medicare and Medicaid Services (CMS) and Florida's Agency for Health Care Administration (AHCA), most likely by mid-April. At that time, the legislature will probably make some adjustments before final passage. A bill has been entered in the Senate, but as yet no House companion legislation has been submitted.

**Florida Health Insurance Affordability Exchange (FHIX - Medicaid Expansion):** Modeled after the Healthy Indiana Plan 2.0 (HIP 2.0), this bill is an alternative to traditional Medicaid expansion. The bill creates a state-operated marketplace for low-income Floridians to access health care coverage, services, and products. Under the proposed legislation, enrollment would begin July 1, 2015 and would utilize a phased transition to ensure continuity of care. The FHIX program would extend coverage to an estimated 800,000 low-income Floridians. The expanded population would include individuals earning less than 138% of the Federal Poverty Level (FPL), who are not currently eligible under section 409.902, of the Florida Statutes.

The bill was filed this week ([Senate 7044 (no companion)](https://www.flsenate.gov/) and has been referred to the Health Policy subcommittee. There is no House companion bill on file.

**Ambulatory Surgery Centers:** Allows a patient to be held at an Ambulatory Surgery Center for up to 24 hours, aligning Florida statute with federal law. Last year, this was tied to the creation of a license for Recovery Care Centers (RCC), which would be allowed to hold a patient for up to 72 hours. The RCC language has not been filed yet. This has been a priority of the House Appropriations Chair/Speaker Designate, and is expected to pass the House.
HB 999, Representative Fitzenhagen (SB 1394, Senator Gibson, companion) The Senate bill has been referred to the following Committees: Health Policy; Appropriations Subcommittee on Health and Human Services; and Appropriations - SJ 132.

Georgia

**Cancer Treatment Centers of America**

The Cancer Treatment Centers of America (CTCA) was supporting legislation (HB 482) which would have eliminated a requirement that 65 percent of their cancer hospital patients' come from out of state. It also would have allowed expansion of CTCA's bed capacity, without obtaining CON licensure for service expansion. CTCA announced on March 10 that they would not continue to pursue their efforts in this legislative session, and HB 482 is effectively dead for this session.

New Hampshire

**New Hampshire Secures Medicaid Expansion Waiver**

Governor Maggie Hassan (D) has announced that the Centers for Medicare and Medicaid Services (CMS) has approved their waiver for Medicaid expansion, which will set up a premium assistance model in the state for next year. Beneficiaries currently enrolled in the New Hampshire Health Protection Program will be required to enroll in private plans on the state's partnership exchange, an approach similar to the one pioneered by the state of Arkansas.

The state currently covers newly eligible adults through Medicaid managed care plans. Under state law, had the mandatory premium assistance program waiver not been approved by March 31, that managed care "bridge program" would have ended. As of March 3, a little over 36,400 people had enrolled as part of expansion, according to the state.

Oklahoma
Governor Endorses Idea to Extend ACA Plans

Governor Mary Fallin (R) has endorsed an idea put forward by some congressional Republicans to help soften the impact of a potential Supreme Court ruling against part of the Affordable Care Act (ACA).

In a recent op-ed, Governor Fallin supported Congress passing financial assistance to let people temporarily keep their ACA plans, saying that without such assistance, millions of people would lose insurance in the roughly three dozen states using federally run marketplaces.

Such temporary assistance has also been put forward in proposals by Senators Orrin Hatch (R-UT) and Lamar Alexander (R-TN). Their proposal says the temporary assistance will give lawmakers time to work out a plan to give states more "freedom and flexibility" to create their own solutions. Governor Fallin strongly urged Congress to "allow the states the opportunity to innovate and offer health insurance that better meets the needs of our citizens," she said, without being forced to create a state exchange or see residents lose coverage due to decisions stemming from the outcome of King v Burwell.

Utah

Utah Continues to Consider More Restrictive Expansion

Utah officials are weighing a Medicaid expansion program that would merge Republican Governor Gary Herbert's Healthy Utah plan and the more restrictive Utah Cares plan supported by House Republicans. The program would follow Herbert's plan to cover 95,000 adults for two years and then transition to a plan that that would provide less generous benefits to a smaller group. Herbert announced that he would continue to fight to get Healthy Utah enacted, but he added, "I think there is some wisdom in putting [the two proposals] together."

Department of Health Executive Director David Patton said CMS is "open to the idea." The agency wouldn't comment specifically, but in the past it has indicated that it would not approve an expansion waiver that caps enrollment, which the merged transition would essentially do. According to estimates, the alternative proposal would cost about $32 million annually and cover about 60,000 state residents.