

REGULATORY AND LEGISLATIVE UPDATE

Kathy Reep

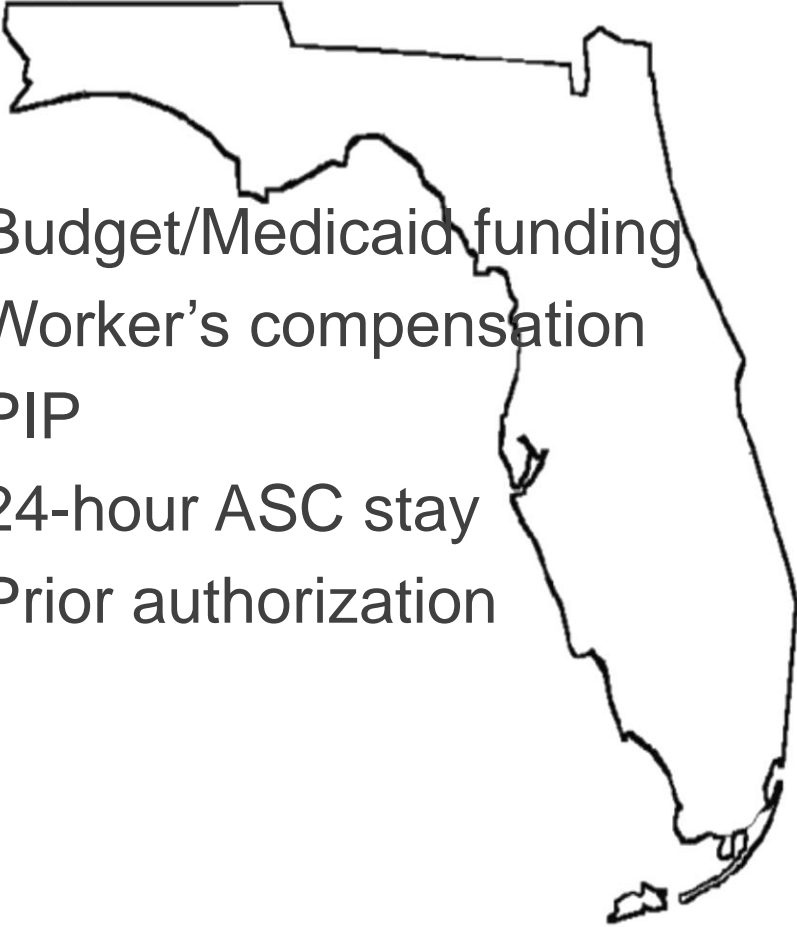
Florida Hospital Association

March 9, 2018



Mission to Care. Vision to Lead.

2018 Florida Legislative Agenda

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- Budget/Medicaid funding
 - Worker's compensation
 - PIP
 - 24-hour ASC stay
 - Prior authorization

Constitution Revision Commission

- P54-Certificate of need: prohibits the state from limiting the number of health care facilities
- CRC hearings:
 - March 13 – Pinellas
 - March 29 – Orange
 - April 6 – Miami-Dade
 - April 7 – Palm Beach
 - April 12 – Leon
 - April 26 – Alachua
 - April 27 – Duval
 - May 3 – Bay
 - May 10 – Lee (Fort Myers)
 - May 17 – Hillsborough

CY2018 Outpatient PPS Final Rule

- Issue of 340B
 - From drugs paid at ASP +6 percent to payment at ASP -22.5 percent
 - AHA-sponsored litigation

Outpatient Prospective Payment System (OPPS) Calendar Year (CY) 2018 Final Rule Analysis

Estimated Change in Medicare Payments

CY 2017 Final Rule Compared to CY 2018 Final Rule

Florida

Impact Analysis	Dollar Impact	Percent Change
<i>Estimated CY 2017 OPPS Payments</i>	\$2,886,277,600	
Marketbasket Update	\$68,884,200	2.39%
ACA-Mandated Marketbasket Reductions	(\$34,441,900)	-1.19%
340B Drug Payment Reduction BN Adjustment	\$82,484,000	2.86%
Other BN Adjustments	\$6,723,000	0.23%
Wage Index	(\$9,184,600)	-0.32%
APC Factor/Updates (Includes 340B Reduction)	(\$44,674,300)	-1.55%
<i>Estimated CY 2018 OPPS Payments</i>	\$2,956,068,000	
Total Estimated Change CY 2017 to CY 2018	\$69,790,400	2.42%
The impact shown above does not include the impact of the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2025. It is estimated that the impact of sequestration on CY 2018 OPPS PPS-specific payments would be: -\$59,121,900		

Estimated Impact of CMS' "340B Reduction" to Drugs and Biologicals Purchased Through HRSA's 340B Drug Pricing Program (340B Hospitals Only)	Revenue from CY 2016 OPPS Claims	Portion of CY 2016 OPPS Revenue from Drugs With Status Indicator K	Revenue from Status Indicator K Drugs after Applying 340B Adjustment
	\$1,044,772,600	\$206,334,600	\$150,857,800
<i>Percent Change in CY 2016 OPPS Revenue</i>	-5.31%		
<i>Estimated Impact of 340B on CY 2018 OPPS Payments Based on CY 2016 Impact Percentage</i>	(\$60,453,600)		
Potential Impact if <u>ALL</u> Total Knee Arthroplasty (TKA) Procedures are Performed in an Outpatient Setting Using CPT Code 27447	Est. FFY 2018 IPPS Revenue (TKA Procedures Only)	Est. CY 2018 OPPS Revenue (TKA Procedures Only)	Potential Impact on Total Revenue
MS-DRG 469: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w MCC or Total Ankle Replacement	\$237,671,200	\$182,687,100	(\$54,984,100)
MS-DRG 470: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w/o MCC			

Regulatory Reform

- Looking for “feedback on positive solutions to better achieve transparency, flexibility, program simplification and innovation”
- Ideas for regulatory, sub-regulatory, policy, practice and procedural changes to inform future regulatory action

Regulatory Reform

- \$39B annual impact on hospitals, health systems, post-acute providers for non-clinical regulatory requirements
- Regulatory burden costs \$1,200 for every admission
- Possible reforms:
 - Eliminate Stage 3 meaningful use
 - Disaster waivers
 - Modify CoPs to allow hospitals to recommend post-acute providers
 - Physician certification of outlier claims

Regulatory Reform

- Brand memo: use of guidance documents for false claims actions
 - Justice Department will not “use its enforcement authority to effectively convert agency guidance documents into binding rules”
 - “May not use noncompliance with guidance documents as a basis for proving violations of applicable law”
 - Guidance documents: Medicare billing manuals, special fraud alerts, coverage determinations, preambles to rules, frequently asked questions

Bipartisan Budget Act of 2018

- Short-term spending bill
 - Addressed many priorities for health care providers
 - Funds the government through March 23, 2018
 - Raises the debt ceiling and sets spending levels for next two years

Bipartisan Budget Act of 2018: What's Included

- Delays cuts to Medicaid DSH hospitals for two years
- Extends CHIP funding for four years
 - Added to six year funding passed in January
 - Program now continues through 2027
- Repeals outpatient therapy cap permanently
 - Lowers review threshold for medical necessity
- Repeals IPAB
- Extends rural add-on provisions for ambulance and home health
- Repeals “escalation” clause for meaningful use

Bipartisan Budget Act of 2018: What's Included (Con.)

- Reduces physician fee schedule update for CY2019
 - Conversion factor update reduced from 0.5 percent to 0.25 percent
- Extends sequestration for two years (2027)
- Home health payment reform (2020)
 - 30-day episode (now 60)
- Transfer policy for early discharges to hospice
 - Effective FY2019
 - Impact:
 - U.S.: \$4.7 B
 - Florida: \$353.91 M

Cuts Enacted (2010-2027): Legislative

ACA Marketbasket Cuts	(\$16,087,902,400)
Medicare DSH Cuts	(\$6,495,690,000)
Sequestration	(\$3,915,531,000)
ATRA Coding	(\$2,015,078,100)
PAMA CLFS Adjustment	(\$286,531,800)
Bad Debt at 65%	(\$193,796,500)
MACRA Post Acute MB Cut	(\$44,294,900)
Total Legislative Cuts	(\$29,038,824,700)

Cuts Enacted (2018-2027): New Legislative

Hospice Transfer Adjustment	(\$353,938,200)
BBA Post-Acute MB Cap	(\$2,112,500)
LTCH SN Blend Extension	(\$1,737,200)
Total New Legislative Cuts	(\$357,787,900)

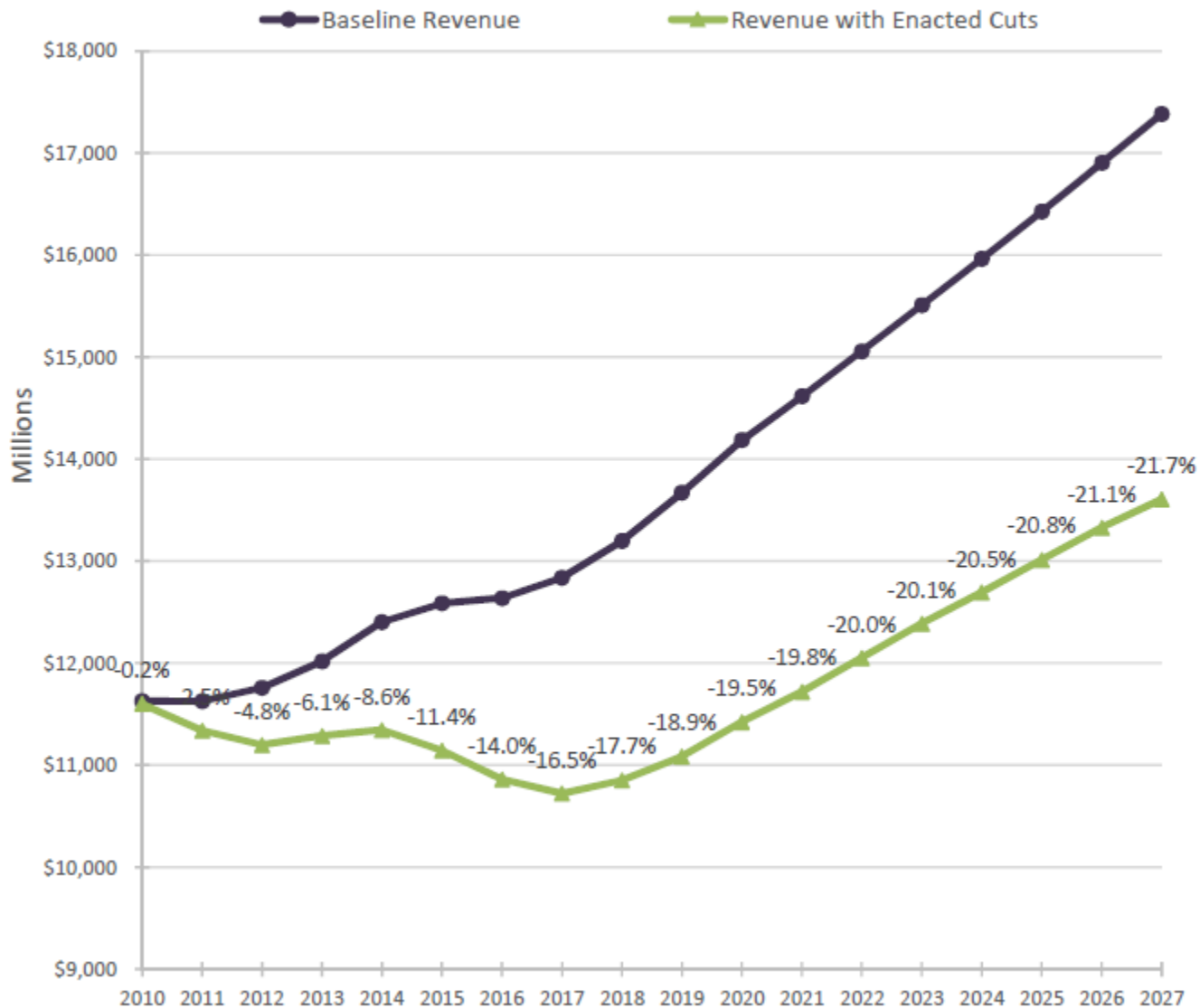
Cuts Enacted (2010-2027): Regulatory

Coding Cuts	(\$7,541,069,900)
LTCH SN Adjustment	(\$821,047,100)
340B Reduction	\$268,717,000
Total Regulatory Cuts	(\$8,093,400,000)

Quality Based Payment Reform (2010-2027)

Quality	(\$1,269,700,100)
Total Cuts Enacted	(\$38,759,712,700)

Estimated Potential Revenue Loss Over Time (-15.5% Overall for Cuts Enacted Between 2010-2027)

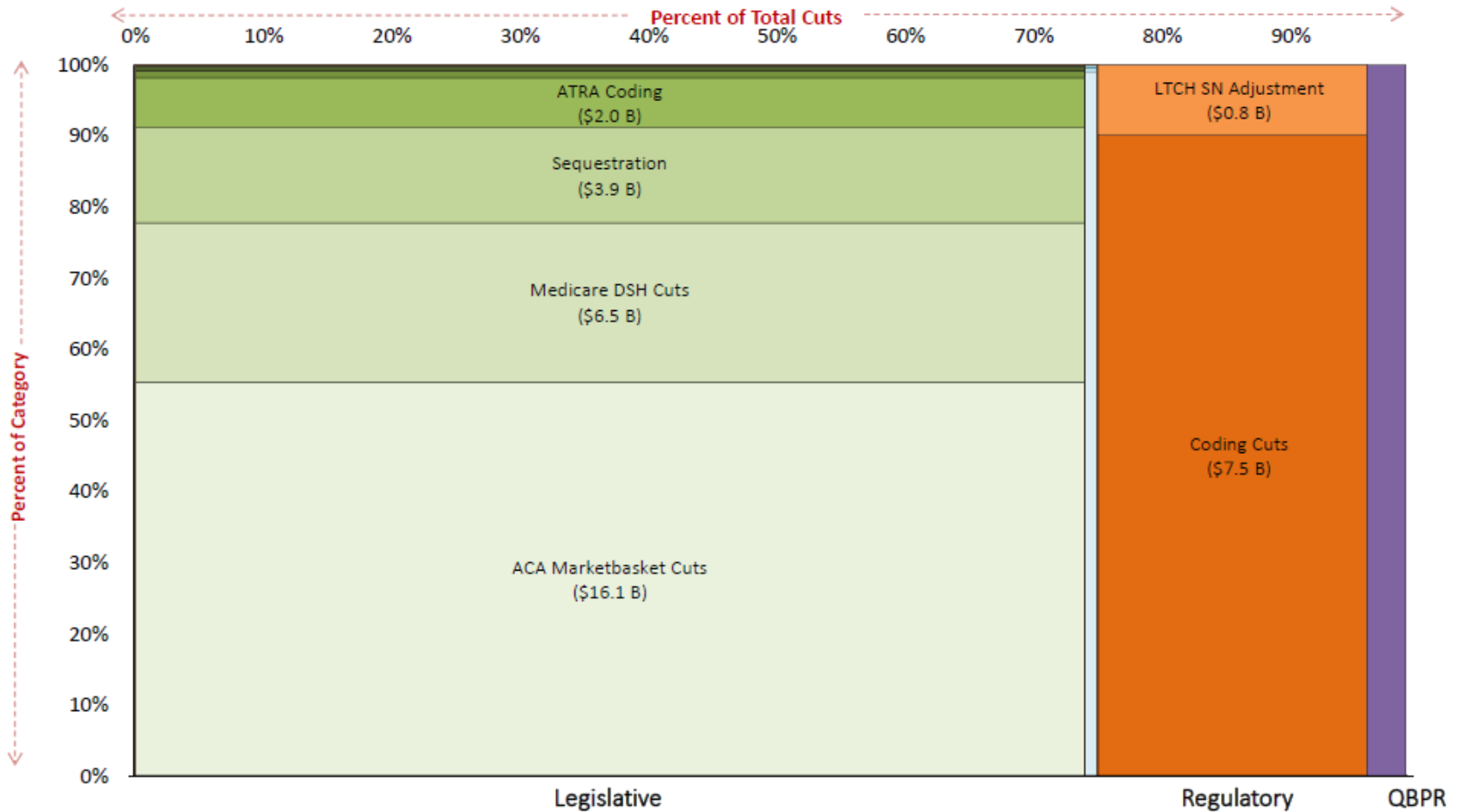


Enacted Medicare Cuts Analysis (BBA Update)

Relative Magnitude of Enacted Medicare Cuts

Florida

The graph below reflects the relative magnitude of each cut included in this analysis. Cuts are grouped together by category - with additional details in subsequent reports. The horizontal axis indicates the relative size of each category as a percent of the whole; the vertical axis indicates each individual cut's share of its category.



Medicare Beneficiary Identifier

- Removal of SSN from Medicare cards
- New cards to be mailed beginning in April 2018
 - All cards replaced by April 2019
 - Florida beneficiaries to receive starting June 2018
- CMS to offer secure look-up tool
- Need to verify Medicare patients' addresses with that received on electronic eligibility transactions
 - Assist beneficiary with contacting Social Security and updating Medicare records

Other Issues

- President's budget for FY2019
- Release of 2019 annual payment regulations
- Tax exempt status: 501(r) requirements

Questions??

kathyr@fha.org