The Fiscal Cliff and Rural Hospitals

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The Fiscal Cliff and Rural Hospitals

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The American Taxpayer Relief Act: Medicare Payment Reforms
Medicare Physician Payment Update

- Physicians faced 26.5% cut to payments.
- ATRA: avoided cut and fixed payments at 2012 levels.
  - Second year with no inflation increase.
Qualifying low-volume hospitals get percentage increase on each payment.

**ACA:**
- More hospitals qualify for increase. Hospital must:
  - Be greater than 15 road miles from closest hospital; and
  - Have fewer than 1,600 Medicare discharges.
- New payment calculation methodology.

**ATRA:** extends through FY 2013, September 30, 2013.
Medicare-Dependent Hospital Program

- Eligible hospitals paid under special reimbursement methodology for inpatient stays.
  - Affects small, rural hospitals with a substantial Medicare patient population.


- Expect CMS guidance on regaining MDH status that was lost or forfeited as of Oct. 1, 2012.
2007: Change from DRG to MS-DRG coding system for inpatient hospital services.

CMS identified inflation in hospital payment rates.

ATRA:
  - Adjust payment rates to offset coding inflation in additional years.
  - Prospective adjustment in FY 2014 – FY 2017 to offset the increase in aggregate payments from FY 2008 – FY 2013.
    • CBO estimates savings of $10.5 billion.
Eligible hospitals received additional payments under the outpatient prospective payment system (OPPS).

- Affects small rural hospitals and sole community hospitals with fewer than 100 beds.
- Hospitals received 85% of the difference between the OPPS payment and the hospital’s costs.

ATRA: not extended.
RURAL FISCAL CLIFF AVERTED

• What’s next?
• Target List
• Policy Institute
What’s Next?

- LVH, MDH, GPCI, Ambulance Provisions all have built in expiration dates. Must maintain pressure for whole year.
What’s Next? Education

- Capitol Hill sources indicate that the House was VERY interested in letting all of these provisions expire. Must educate new and returning members to understand.
- Provide back-up to the Senate. Key members of Senate Finance stepped up—but they need reinforcements.
CAH Attacks

- Senate sources indicate that Critical Access Hospitals may come under attack in the 113th.
- Challenges may include reductions to cost-based reimbursement, necessary provider mileage allowances, provider taxes on cost reports, further decreases in bad debt reimbursement, or elimination of the status entirely.
## Target Lists

<table>
<thead>
<tr>
<th>House</th>
<th>Senate</th>
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<tbody>
<tr>
<td>Dave Camp (R-MI)</td>
<td>Max Baucus (D-MT)</td>
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<td>Kevin Brady (R-TX)</td>
<td>Orrin Hatch (R-UT)</td>
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<td>Fred Upton (R-MI)</td>
<td>Jay Rockefeller (D-WV)</td>
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<td>Sander Levin (D-MI)</td>
<td>Chuck Grassley (R-IA)</td>
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<td>Jim McDermott (D-WA)</td>
<td>Pat Roberts (R-KS)</td>
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<td>Paul Ryan (R-WI)</td>
<td>Ron Wyden (D-OR)</td>
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NRHA Policy Institute

- Two sessions specifically targeted for hospitals:
  - Focus on rural hospital payments like MDH, TOPs, LVH, and CAH
  - Focus on the regulatory challenges all rural providers are encountering including ICD-10, Meaningful Use, and Direct Supervision.
Policy Institute

PI more important than ever.

• Opportunity to meet with your new Members of Congress to advocate for your facilities.

• Hear from key Hill voices and Administration Officials, including Secretary of Agriculture Tom Vilsack and HRSA Administrator Mary Wakefield.

• Network with rural health advocates and providers.

Please register on website.
Thank you!

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Q&A