

Federal Update



South Texas Annual Joint Healthcare Conference January 27, 2012



Overview

- Political Environment
- Congressional Activity
- ACA litigation
- 2012 Advocacy Agenda



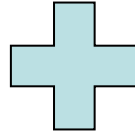
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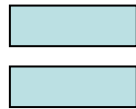


Political Environment

- Previous year marked by “brinksmanship” and lack of cooperation



- 2012: election year – all about positioning
 - Republicans will not want to put their presidential nominee in a tough spot
 - President Obama will continue to campaign against Congress



***Nothing substantive will get done
after Feb 29/Before Nov 6***



11 Months From Now

The Cost of Doing Nothing

- **Letting sequester kick-in (-\$ 1.2 trillion; \$43 billion in hospital Medicare cuts)**
- **Letting Bush-Obama tax cuts expire (-\$ 4 trillion)**

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Congressional Activity

Extensions until February 29

- Payroll tax cut
- Unemployment compensation benefits
- Medicare physician payment (prevents 27.4 percent cut)
- Medicare extenders

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Medicare Extenders in Current Law

Key Hospital Provisions

(one year cost estimate)

- Section 508 area wage index reclassifications [\$200 million]*
- Treatment of technical component of physician pathology services [\$100 million]
- Payment adjustment for low-volume hospitals [\$150 million]
- Reasonable cost reimbursement for laboratory services in small rural hospitals [Less than \$50 million]
- Increase payments for ambulance services [\$100 million]
- Hospital outpatient department hold-harmless payments [\$200 million]**
- Medicare dependent hospital program [Less than \$50 million]***

* Expires September 30, 2011

** Expires December 31, 2011

*** Expires September 30, 2012



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Our Challenges...

The offsets:

- Medicare bad-debt program
- Medicare hospital outpatient (E&M codes) services
- Providing CMS with authority to make additional across-the-board cuts (retrospective coding offsets for FY 2010-2011)
- Extending cap (and exceptions process) on Medicare therapy services to HOPDs

Other provisions:

- Relaxing restrictions on physician-owned hospitals



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Our Strategy

OUR **ADVOCACY** MESSAGE

- Support passage of Medicare extenders and physician fee fix
- ***But, cannot support cutting payment for hospital services as method to finance... “Enough is Enough!”***
- Other alternatives exist for offsets...including OCO
- Also oppose relaxing restrictions on physician-owned hospitals

CUTS Threaten Hospitals'
Ability to
Cure and Care



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Your Representatives

Senators

Kay Bailey Hutchison (R)

John Cornyn (R)

Representatives

1 Louis Gohmert (R)

2 Ted Poe (R)

3 Samuel Johnson (R)

4 Ralph Hall (R)

5 Jeb Hensarling (R)

6 Joe Barton (R)

7 John Culberson (R)

8 Kevin Brady (R)

9 Al Green (D)

10 Michael McCaul (R)

11 Mike Conaway (R)

12 Kay Granger (R)

13 Mac Thornberry (R)

14 Ron Paul (R)

15 Ruben Hinojosa (D)

16 Silvestre Reyes (D)

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Bill Flores (R)

Sheila Jackson Lee (D)

Randy Neugebauer (R)

Charlie Gonzalez (D)

Lamar Smith (R)

Pete Olson (R)

Quico Canseco (R)

Kenny Marchant (R)

Lloyd Doggett (D)

Michael Burgess (R)

Blake Farenthold (R)

Henry Cuellar (D)

Gene Green (D)

Eddie Bernice Johnson (D)

John Carter (R)

Pete Sessions (R)



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HEALTH CARE REFORM

Our Position

- Individual (responsibility) mandated is constitutional
- Medicaid expansions are constitutional
- Severability should be decided by the Supreme Court
- IF coverage expansions are thrown out, then hospital reductions (update factor, DSH and readmissions) also must go



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National
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of Public
Hospitals
and Health
Systems

Framework: 2012

- **Advocacy and representation**
- **Performance improvement**
- **Shaping the future**

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AHA 2012
**Advocacy
Agenda** 

Agenda

- **Physician/Extender legislation**
- **ACA litigation**
- **Campaign 2012**
- **Drug shortages**
- **Health reform implementation**
 - Health insurance exchange implementation/essential benefits (state level)
 - Accountable care organization (ACO) start-ups
 - Health Information Technology (HIT)
 - Bundling demonstration projects



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Agenda

- **Regular Medicare payment regulations (FY 2013)**

- Readmissions
- Value based purchasing
- Quality reporting
- Coding offsets



- **Potential for meaningful lame-duck session**
- **Major focus on deficit reduction after the election**



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You Can Make a Difference

- Establish a relationship with Members AND Staff
- Use your status as a constituent / provider / employer
- Tell your story
- Stay in touch



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