Small or Rural Update

CHRISTUS Mother Frances Hospital
Sulphur Springs, TX

Wagner Community Memorial Hospital-Avera
Wagner, SD

Winter 2017 Edition

As 2017 comes to a close, we want to update you on the state of play on several legislative and regulatory issues of particular importance to small and rural hospitals. Also, please make plans to attend AHA's Rural Leadership Conference, Feb. 4-7, more details are below.

And, for the latest health care news six days a week, read AHA Today, which is delivered directly to your email box.

LEGISLATIVE

The Tax Cuts and Jobs Act
House and Senate conferees Dec. 15 released the conference report for the Tax Cuts and Jobs Act, legislation to overhaul the nation's tax code, which would maintain tax-exemption for private-activity bonds, as advocated by the AHA. However, we are concerned about the inclusion of the individual mandate repeal and the consequences that this would pose to our patients. Final votes could come early this week. For a rundown of the provisions of greatest interest to hospitals and health systems, please see our Special Bulletin. The Dec. 19 Legislative Advisory offers a detailed summary of the bill. See our statement and AHA President and CEO Rick Pollack's Dec. 15 Perspective column for more.

Children's Health Insurance Program
While CHIP is authorized to operate through Oct. 1, 2019, legislative action is needed to continue funding the program, which expired Sept. 30. Absent congressional action, states will be forced to take steps including the notification of thousands of families of the loss of CHIP health care coverage. The House passed AHA-supported legislation (H.R. 3922) that, among other provisions, extended CHIP funding for five years. The Senate Finance Committee has approved, S. 1827, a five-year funding extension for CHIP, which covers roughly 9 million children. However, lawmakers haven't

decided how to pay for the CHIP extension, and the plan has languished amid the GOP's push to pass a tax overhaul.

Medicare Extender Plan Announced
The Medicare-dependent Hospital (MDH) and Low-volume Adjustment (LVA) programs expired on Sept. 30. The AHA supports a straight extension of these programs. As Congress considers federal spending legislation, please contact your legislators and ask them to include these vital rural programs. For additional information on these programs, please see the AHA's fact sheet and infographic on expiring Medicare provisions as well as our Oct. 11 Action Alert. In a recent letter to the Senate the AHA urged Congress to include in year-end legislation a number of policies that impact hospitals and health systems and the patients they serve. We continue to oppose other cuts to rural hospitals in year-end legislation.

Proposed Legislation and Lawsuit to Stop 340B Cuts
U.S. District Court will hear arguments Dec. 21 in AHA's lawsuit to prevent CMS from reducing Medicare payments for hospital outpatient drugs under the 340B Drug Pricing Program by nearly 30%. AHA is joined in the lawsuit by the Association of American Medical Colleges, America's Essential Hospitals and individual health care organizations. The cuts are scheduled to take effect Jan. 1, unless the district court judge enjoins the rule.

It's important that we work together to assure that both the Court and Congress understand that the savings generated through the 340B discount program make a big difference for our communities and help our friends, neighbors and family so they can have access to the level of care they deserve. Reps. David B. McKinley (R-WV) and Mike Thompson (D-CA) have introduced H.R. 4392, a bill that would prevent these payment cuts from going into effect. ***Please urge your representative to cosponsor the bill.*** For more information, visit our 340B webpage.

REGULATORY

CMS has released a draft of its updates and guidance to insurers seeking to offer qualified health plans on the federal health insurance marketplace in 2019. For rural providers operating in medically underserved areas that qualify as Essential Community Providers (ECPs), such as Rural Health Clinics (RHCs), Federally Qualified Health Centers (FQHCs), Critical Access Hospitals (CAHs), CMS proposes to continue to collect ECP information through the petition process and to allow insurers to write-in ECPs until the final application deadline in August 2018. Send comments on the letter to FFEcomments@cms.hhs.gov.

FCC Proposals for Rural Telehealth. The Federal Communication Commission Dec. 14 agreed to issue a proposed rule that would update its Rural Health Care Program to meet the growing demand for broadband telehealth services. The agency also approved an order waiving the RHC Program's annual cap for 2017 and allowing unused funds from previous years to support current applicants. The $400 million annual cap was exceeded in fiscal years 2016 and 2017. The proposed rule seeks comment on increasing the annual cap permanently, as advocated by the AHA, and creating a prioritization mechanism in the event demand exceeds the cap. In other action, the agency today overturned so-called "net neutrality" regulations that prevented broadband providers from charging

for faster service or certain content, and will no longer regulate internet service providers as if they were a utility. The AHA will evaluate how the net neutrality changes may affect health care.

Hospital Outpatient Services for CY 2018. Here are the highlights of CMS's CY 2018 final rule for the hospital outpatient prospective payment system (OPPS) and ambulatory surgical centers (ASC). Most significantly, the rule finalizes a $1.6 billion payment reduction for Medicare Part B drugs purchased through the 340B Drug Pricing Program. CMS exempted rural Sole Community Hospitals (SCHs) for 2018, estimated to save those hospitals $199 million, while CAHs are not affected and will continue to be paid 101% of reasonable costs.

Overall, CMS estimates for 2018 OPPS payments will increase by 1.4%, or $690 million, compared to 2017, with larger increases at rural hospitals (2.7%) than urban hospitals (1.3%). Of note, CMS has maintained the 7.1% payment increase for outpatient services performed at SCHs and will extend for two more years the current moratorium on enforcing the direct supervision requirement for outpatient services at CAHs and small, rural hospitals.

Full an in-depth analysis of the OPPS/ASC final rule, including an update on AHA's advocacy initiatives around 340B-acquired drugs, see the Nov. 21 Regulatory Advisory. (Read more about recent 340B action under "Legislation")

CMS Updates Hospital Policy for Inpatient Services. CMS recently updated guidance to provide clarification related to hospital inpatient services. In order to participate under Medicare and Medicaid, a hospital (but not a CAH) must meet the statutory provisions of §1861(e)(1) of the Social Security Act. Through this guidance, CMS further clarifies that in order for a hospital to be "primarily engaged" in inpatient services, the hospital must formally admit a patient as an inpatient with the expectation that he or she will require hospital care that is expected to span at least two midnights. Therefore, an average length of stay of two midnights would be one of the benchmarks considered for certification as a hospital. For more information, see the CMS memo to State Survey Agency Directors.

Updates to Medicare Clinician Payment and Quality Reporting. Here are the highlights from two final rules regarding clinician payment. The physician fee schedule final rule provides an updated payment rate of 0.41%, permanent policies for the Medicare Diabetes Prevention Program, new billing codes for chronic care management for FQHCs and RHCs, revisions to simplify the assignment methodology for Medicare Shared Savings Program ACOs that include FQHCs and RHCs, and the addition of seven new telehealth billing codes. Under the Quality Payment Program (QPP) final rule, CMS increased threshold for MIPS eligibility (>$90,000 in Part B allowed charges or >200 Medicare Part B beneficiaries), offers new bonus points for small practices and for treating complex patients, introduces a voluntary group reporting option, and increased the weighting of the MIPS cost performance category (10% for 2018). AHA's Regulatory Advisories of each rule offers a full analysis.

Rural Community Hospital Demonstration. Initiated by CMS in 2004, this program aims to determine the feasibility of cost-based reimbursement for small rural hospitals that are too large to be critical access hospitals. The program has been extended several times, most recently under the 21st

Century Cures Act. CMS recently announced the selection of 13 new rural hospitals for the demonstration that will join the 17 hospitals continuing their participation.

OTHER RESOURCES

CMS launched a website on rural health and health equity initiatives. And you can visit the Centers for Disease Control and Prevention website for A-Z Health Topics Impacting Rural Americans.

New Medicare Diabetes Prevention Program. Earlier this year, the Centers for Disease Control and Prevention (CDC) reported that 62% of rural counties do not have a Diabetes Self-Management Education program. For 2018, the Medicare Physician Fee Schedule is expanding the Medicare Diabetes Prevention Program (MDPP), an evidence-based lifestyle change curriculum shown to prevent type 2 diabetes among beneficiaries with prediabetes. Organizations in health care and community settings can implement the CDC-recognized Diabetes Prevention Program and, after enrolling as a MDPP supplier, may receive Medicare reimbursement for their services beginning April 1, 2018. The National Institutes of Health explains the importance of screening for prediabetes and provides resources and referrals to support patients in this effort.

Antibiotic Stewardship for CAHs. The CDC worked with FORHP, the AHA and The Pew Charitable Trusts on a guide to help small and rural hospitals address the growing crisis of antibiotic resistance. It's a task that's critical to improving patient outcomes and reducing health care costs. The CDC's webinar for CAHs discusses materials and resources developed for antibiotic stewardship, keeping in mind the challenges specific to smaller facilities.

New: Rural Health Research Recaps. The Rural Health Research Gateway offers a new series of short briefs on pressing rural health issues. The first recap summarizes mental and behavioral health in rural areas and includes a look at the prevalence of mental illness and adverse childhood experiences, and the number of health care providers in rural areas. Write to info@ruralhealthresearch.org for more information and sign up to receive alerts.

Rural America at a Glance. The Economic Research Service at the U.S. Department of Agriculture published its most recent findings on social and economic conditions in rural areas, focusing on population change, employment, income and poverty, as well as trends in access to broadband service.

AHA MEMBER RESOURCES

Addressing Patient Transportation Challenges. A new AHA resource offers strategies and case examples to help hospitals and health systems address transportation issues in their communities. For more information, see the Nov. 16 AHA Today.

Presentation Center. This members-only resource provides hospital leaders with easy-to-use PowerPoint presentations and corresponding talking points on top health care issues. Topics range from cybersecurity to equity of care, and all presentations include prompts and placeholders for organization-specific information, as well as slides geared to employee, trustee and community

audiences for easy customization. View and download the presentations at www.aha.org/presentationcenter.

The Value Initiative. The AHA Dec. 4 launched The Value Initiative, a member-driven, multi-year initiative to help support the hospital and health system field as it tackles the issue of advancing affordable health care and promoting value. Initial resources include issue briefs that can be used to initiate conversations with staff and stakeholders in your community; perspectives from thought leaders in the health care field; executive forums to discuss leadership perspectives and strategies with your peers; case studies on what others have done; and innovation tools and trainings, where you and your team can tackle issues with expert coaching.

Report Examines Value-based Payment Trends. The latest AHA TrendWatch report helps hospital and health system leaders better understand the current landscape of value-based payment models and the capabilities needed to accept various levels of risk. There is no single model that will work for every organization. Leaders should assess the personnel, infrastructure and other capabilities required for success in each model when considering the most appropriate path for their organization.

The 2018 Rural Health Care Leadership Conference

The Rural Health Care Leadership Conference is scheduled for Feb. 4-7, 2018 in Phoenix. It brings together top practitioners and thinkers to share strategies and resources for accelerating the shift to a more integrated and sustainable rural health system. Sessions will be offered by rural health care leaders who are actively transforming their organizations for a new world of accountable care marked by changing payment models, heightened expectations for clinical excellence, and a greater need for collaboration. Register and earn up to 17.5 continuing education credits for the Rural Health Care Leadership Conference.