



Advancing Health in America
Section for Small or Rural Hospitals

HOSPITAL UPDATE

Spring 2019

The American Hospital Association (AHA) is a tireless advocate working to ensure that the unique needs of our 2,000 plus rural hospital members are a national priority. This issue of the **Small or Rural Update** reviews the AHA rural advocacy agenda, federal rule making, national policy priorities and tools and resources for rural hospitals.

The View from AHA's 32nd Annual Rural Health Care Leadership Conference



Rural Hospitals = Community Cornerstones. “Rural hospitals are the heart and soul of their communities,” was the welcome from Brian Gragnolati, AHA Chair and CEO of Atlantic Health, for an audience of 950 leaders at the AHA Rural Health Care Leadership Conference. Around 20 percent of Americans depend on caregivers at these hospitals for their primary health and wellness services. They have long grappled with low-patient volume, a shortage of health care professionals, and disruptive shifts in local demographics and the economy. More emergent challenges include the opioid epidemic, violence in our communities, cyber threats and "surge" capacity – the ability to respond to large-scale emergencies.

Fortunately, diagnosis is not prognosis. The challenges confronting our vital rural hospitals can be met successfully with a new spirit of commitment and cooperation among all stakeholders, particularly at the federal level. We must act now – and together – to protect local access to high-quality, affordable care and empower rural hospitals to thrive as cornerstones of their communities for generations to come.

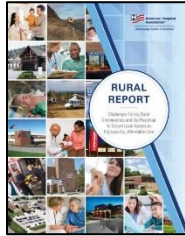


Perspective: Moving Rural Health Care Forward. Rick Pollack, AHA CEO shared his perspective with those attending the AHA Rural Health Care Leadership Conference. The AHA's goal is to improve the health care of every American, no matter where they live ... big city, small town, frontier or somewhere in between. One thing every single hospital in America has in common: making sure their patients receive the highest quality care. Clearly, the challenges faced by rural America are unique. And, no access often means no quality.

America's rural hospitals and health systems are a critical part of the communities they serve, and the AHA is absolutely committed to ensuring that they continue to provide leadership and access to their communities. And we're working hard to make sure that never changes.



AHA Rural Hospital Leadership Award. AHA Board Chair Brian Gragnolati presented the [AHA Rural Hospital Leadership Award](#) to **Ronald ("Ronnie") Sloan**, president of The Outer Banks Hospital, a 21-bed critical access hospital in Nags Head, N.C. The award recognizes small or rural hospital leaders who guide their organization and community through transformational change and display outstanding leadership and commitment to improving health and health coverage and making care more affordable. "Ronnie, your enduring commitment to The Outer Banks Hospital and your initiatives with partners at the state, county and local level is an inspiration," Gragnolati said.



AHA Rural Report. Across the nation, rural communities have experienced persistent, recent and emergent challenges that threaten rural hospitals' ability to maintain access to health care services in their communities. The report, *Challenges Facing Rural Communities and the Roadmap to Ensure Local Access to High-quality, Affordable Care*, underscores the importance of local access to essential health services, as well as the economic impact rural hospitals have on their communities.

The AHA believes that federal policies must be updated and new investments made in order for rural communities to thrive in the health care system of the 21st century. Toward this end, the AHA is working to advance policy priorities across several key areas for rural health.



AHA President and CEO Rick Pollack (left) kicked off the AHA Rural Health Care Leadership Conference and moderated a discussion with Erika Rogan, AHA senior associate director of policy, and Travis Robey, AHA senior associate director of federal relations, discussing what's happening on Capitol Hill and the association's rural advocacy agenda for 2019.

- Bolstering the rural health care workforce; and
- Reining in the skyrocketing costs of prescription drugs.

Advocating on behalf of rural hospitals is an AHA priority because we truly cannot advance health in America without keeping our rural communities strong. No matter where they live, America's patients deserve access to quality, affordable health care, and the AHA is working with our members to make sure they have it.

Legislation to Watch

AHA 2019 Rural Advocacy Agenda. Our [2019 Rural Advocacy Agenda](#) lays out recommendations for ensuring federal policies make it easier for rural hospitals to keep providing local access to high-quality, affordable health care. They include:

- Ensuring fair and adequate reimbursement for care;
- Improving access to care and supporting new models of care that work for rural America;
- Removing red tape that hinders care;
- Updating federal telehealth coverage policies, expanding access to broadband connectivity, and providing more incentives for providers to adopt and utilize health information technology;

FY 2020 president's budget request. President Trump has submitted to Congress his [budget request](#) for fiscal year (FY) 2020. The budget request, which is not binding, proposes hundreds of billions of dollars in reductions to Medicare and Medicaid over 10 years. The budget request also contains a number of provisions related to drug pricing, opioids and other health-related issues. See the "Key Takeaways," in the [AHA Special Bulletin](#).

FY 2019 appropriations feature rural health. President Trump signed legislation providing discretionary funding for federal programs for fiscal year 2019, preventing a shutdown when their current funding expires. The package includes \$550 million in Department of Agriculture funding for a rural broadband pilot grant/loan program targeting areas lacking broadband service and \$63 million for rural telemedicine grants and other activities to help rural communities combat the opioid crisis.

Bipartisan bills address rural hospital needs. Reps. Adrian Smith, R-Neb., and Terri Sewell, D-Ala., recently introduced legislation ([H.R. 1041](#)) that would repeal Medicare's 96-hour rule for critical access hospitals, as [advocated](#) by the AHA.

Sewell and Smith also recently introduced a bill ([H.R. 1052](#)) that would authorize physician assistants to receive direct payment under Medicare to expand their role as medical providers in underserved communities.

AHA-supported bill would add 15,000 Medicare-funded residency slots. Sens. Bob Menendez, D-N.J., John Boozman, R-Ark., and Chuck Schumer, D-N.Y. Feb. 6, introduced the Resident Physician Shortage Reduction Act, AHA-supported [legislation](#) that would add 15,000 Medicare-funded residency positions over five years to alleviate physician shortages that threaten patients' access to care. The legislation would prioritize the distribution of the new residency positions to teaching hospitals that operate an approved "rural track" program in a non-rural area.

In the House, Reps. Terri Sewell, D-Ala., and John Katko, R-N.Y., March 14 introduced the Resident Physician Shortage Reduction Act of 2019 (H.R. 1763) that would add up to 15,000 Medicare-funded residency positions over five years, similar to an AHA-supported bill (S. 348) introduced in the Senate.

CREATES Act. Nearly 50 health care and consumer groups, including the AHA, voiced their support for the Creating and Restoring Equal Access to Equivalent Samples (CREATES) Act as it was reintroduced yesterday in the new Congress. "The CREATES Act will help ensure that brand-name pharmaceutical companies cannot take advantage of regulatory rules to forestall the competition that is essential for access and innovation. We also recognize and appreciate the commitment from Health and Human Services Secretary Alex Azar and Food and Drug Administration Commissioner Scott Gottlieb, M.D., on this important issue.

Public Policy and Rule Making of Importance

AHA participates in HHS-HRSA Rural Health Summit. AHA staff participated in a Rural Health Summit in Washington, DC convened by Health and Human Services Secretary Alex Azar and Health Resources and Services Administration Administrator George Sigounas to receive stakeholder input on addressing rural health challenges such as the opioid epidemic, access to care, telehealth, workforce development and rural health system transformation. In remarks at the summit, AHA discussed its Task Force on Ensuring Access in Vulnerable

Communities [report](#) on nine innovative strategies for communities to consider based on their unique needs, support structures and preferences, including the emergency medical center model. AHA also emphasized the importance of the 340B drug savings program and models to address the social determinants of health, which it said should include relief from fraud and abuse laws preventing hospitals from providing financial or in-kind assistance to patients that promote better overall health.

HHS Releases Proposed Rules on Patient Access, Interoperability, Information Blocking and Certification. The Centers for Medicare & Medicaid Services and Office of the National Coordinator for Health Information Technology recently issued proposed rules that would promote patient access to health information in Medicare, Medicaid, the Children’s Health Insurance Program, and federally facilitated exchange plans, as well as address information blocking and certification of health IT. We believe the proposed requirements on payers to make information such as claims or provider directories available through standard application programming interfaces has the promise to give patients better information about all of their care.

We cannot support including electronic event notification as a condition of participation for Medicare and Medicaid. We believe that CMS already has better levers to ensure the exchange of appropriate health information for patients. We recommend the agency focus on building this exchange infrastructure rather than layering additional requirements on hospitals. See the “Key Takeaways” in the [AHA Special Bulletin](#).

Proficiency testing requirements for CLIA laboratories. The Centers for Medicare & Medicaid Services and Centers for Disease Control and Prevention recently published a [proposed rule](#) that would update 1992 proficiency testing and referral requirements under the Clinical Laboratory Improvement Amendments. More than 36,000 CLIA-certified laboratories, including hospital laboratories, are enrolled in a CMS-approved proficiency testing program. The agencies will accept comments on the proposed rule through April 5.



<800> HazRx™

USP chapter 797/800 on compounding and hazardous drugs. [AHA urged](#) the United States Pharmacopeial (USP) Convention to delay the effective dates for its general chapter <797> pharmaceutical compounding and general chapter <800> hazardous drug handling in health care settings, as well as proposed revisions to general chapter <797>. The guidelines involve large capital investments -- in some cases the construction of entirely new buildings -- and the timeline has resulted in high demand for contractors and supplies, making it very challenging for all facilities to comply by the effective date and unaffordable for low-volume providers such as CAHs participating in 340B. The expected official date is December 1, 2019.

CMS release hospital quality star ratings and HAC penalized hospitals. In February, the Centers for Medicare & Medicaid Services (CMS) refreshed its hospital overall star ratings and released the performance results from the fiscal year (FY) 2019 Hospital-acquired Condition (HAC) Reduction Program, including the list of penalized hospitals. CMS’s approach to star ratings is deeply flawed, and may mislead consumers. In addition, while hospitals strongly support programs to improve patient safety, the HAC Reduction Program results in arbitrary penalties that do not advance patient safety. See the [AHA Member Advisory](#) for more information.



VA issues proposed rule for urgent community care.

The Department of Veterans Affairs (VA) recently published a [proposed rule](#) that would establish the criteria for determining when covered veterans may receive necessary hospital, medical and extended care services from non-VA entities or providers under the Veterans Community Care Program. The rule would grant eligible veterans access to care from qualifying non-VA entities or providers without prior approval from VA for services provided at urgent care facilities and walk-in retail health clinics as designated by the Centers for Medicare & Medicaid Services. The rule also would establish the copayment obligations for veterans. The AHA is pleased to see VA take action toward implementing the program mandated by the MISSION Act. See the [AHA Regulatory Advisory](#) for more information.

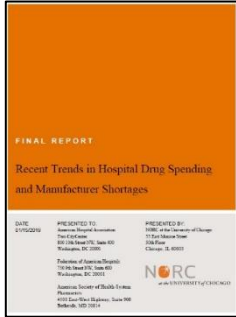
AHA shared its [Task Force on Ensuring Access in Vulnerable Communities](#) report on nine innovative strategies for communities to consider based on their unique needs, support structures and preferences, including the emergency medical center model. We also emphasized the importance of the 340B drug savings program and models to address the social determinants of health, which it said should include relief from fraud and abuse laws preventing hospitals from providing financial or in-kind assistance to patients that promote better overall health.

HHS should make 340B hospitals 'whole'. A federal court should order the Department of Health and Human Services to "make whole" 340B hospitals that received reimbursement reductions resulting from the Centers for Medicare & Medicaid Services' 2018 outpatient prospective payment system rule. A federal judge Dec. 27 [ruled in favor](#) of the AHA and hospital plaintiffs that the Department of Health and Human Services "adjustment" by nearly 30 percent of 2018 Medicare payment rates for many hospitals in the 340B Drug Pricing Program was unlawful. The judge granted AHA's motion for a permanent injunction and ordered supplemental briefing on the question of proper remedy.

Clinic visit policy exceeds CMS's authority. The Centers for Medicare & Medicaid Services exceeded its statutory authority when it reduced payments for hospital outpatient services provided in off-campus provider-based departments grandfathered under the Bipartisan Budget Act of 2015. The AHA, Association of American Medical Colleges and several member hospitals [asked the court](#) to vacate the relevant portions of the agency's outpatient prospective payment system final rule for calendar year 2019, prevent CMS from enforcing the clinic visit policy included in the final rule, and order the agency to immediately repay any improperly withheld amounts.

Making health care more affordable. Earlier this year, the AHA Board of Trustees appointed a member Task Force (TF) to evaluate surprise billing and other issues related to price transparency. The TF reviewed various legislative proposals that have been put forth and developed a [set of principles](#) that the AHA can use to develop specific policy solutions related to surprise billing. The principles help inform the debate regarding surprise billing. In the event a patient chooses to go out-of-network for care, these principles should not apply.

AHA Tools and Resources



AHA releases new report on rising drug prices and drug shortages.

Continued rising drug prices, as well as shortages for many critical medications, are disrupting patient care and forcing hospitals to delay infrastructure and staffing investments and identify alternative therapies, according to a [new report](#) prepared by NORC at the University of Chicago for the AHA, Federation of American Hospitals and American Society of Health-System Pharmacists. The study found that average total drug spending per hospital admission increased by 18.5 percent between fiscal years 2015 and 2017, including increases in some drug classes of more than 80 percent and exceeding the Medicare payment update by fivefold.

Value Initiative

How Rural Hospitals Improve Value and Affordability.

The Value Initiative recently released its fourth in a series of issue briefs framing the complex issue of affordability. While rural hospitals can implement similar solutions as their urban counterparts, their location, size and population base, among other things, pose challenges that require innovative approaches to care delivery. [This issue brief](#) highlights four strategies rural hospitals are using to improve value by reducing cost, improving quality or enhancing the patient experience.



Market Insights: Telehealth Strategy was recently released by the [AHA's Center for Health Innovation](#). Resources include:

- A report examining the flexibility of delivery platforms and how they fit into integrated care; why telehealth is critical to health care transformation; the state of telehealth and opportunities for growth in hospitals; and how providers can build capacity to expand access, improve outcomes and reduce costs.
- Twenty-five questions for hospital and health system leadership teams to consider to ensure that their telehealth programs and services are effective.

A guide to the telehealth tech market and insight on choosing the right vendor and technology. View all of the resources on the Center's new [webpage](#).



Better care through interoperability. The AHA and six other national hospital associations [released a new report](#) urging all stakeholders to work together to advance interoperability. The report, [Sharing Data, Saving Lives: The Hospital Agenda for Interoperability](#), outlines the path forward that will lead to improved health care, engaged individuals and increased value. The study identifies [six elements](#) of successfully advancing interoperability:



Advancing Health is the [American Hospital Association's podcast series](#).

Podcasts feature conversations with hospital and health system leaders on a variety of issues that impact patients and communities. Look for new episodes directly from your mobile device by using [SoundCloud](#), iTunes and Google Play.



AHA Annual Membership Meeting April 7-10 in Washington, D.C.

Join your colleagues April 7-10 at the AHA Annual Membership Meeting in Washington, D.C. The meeting is moving to the Marriott Marquis in the heart of exciting downtown Washington, D.C., just a few minutes from Capitol Hill and steps from all of the city's cultural attractions. On Sunday, April 7, we will host an executive session, "Ensuring the Future of Health Care in Rural America." At our annual leadership breakfast on Monday, April 8, special guest **Chuck Todd**, moderator of NBC's *Meet the Press* and political director for NBC News, will preview how the 116th Congress will impact politics and policy. [Register on-line.](#)