

the Reporter

July 8, 2011

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Medicare & Medicaid at Great Risk in Debt Ceiling Talks

Talks between the President and Congressional leaders on a debt ceiling deal are coming to a head, with a key meeting at the White House on Sunday (July 10). Drastic cuts and changes to Medicare and Medicaid are on the table, including a proposal to “blend” Medicaid and the Children’s Health Insurance Program (CHIP) matching rates for states. Such a move would mean a reduction in federal Medicaid funding – as much as \$60 billion to \$110 billion over 10 years – shifting costs to the states. Illinois is already at the nation’s lowest matching rates for both Medicaid (50%) and CHIP (65%).

Members are urged to continue contacting their members of Congress to oppose cuts to Medicare and Medicaid, a “blended” Medicaid/CHIP matching rate, the block grant approach for Medicaid, caps and

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IHA Advocacy Alert

[Contact Congress Now to Oppose Medicare and Medicaid Cuts](#)
- [IHA Fact Sheet](#)

[IHA e-Update Archive](#)



Calendar of Events

July 12-13: [TeamSTEPPS Train-the-Trainer Session](#), IHA Naperville

July 14: [Do You Have a Mobile Marketing Strategy Yet?](#) Free Webinar offered by the Illinois Society for Healthcare Marketing and Public Relations

July 18-19: [TeamSTEPPS Train-the-Trainer Session](#), Resurrection Medical Center

July 21: [How to Recruit and Retain Physicians in a Rural Market](#)

July 26: [Revenue Cycle Update: Don't Get Derailed](#)

July 28: [Chargemaster Tune-Up: Don't Leave \\$ on the Table](#)

Register Now!

2011 IHA Leadership Summit
- *Illinois Health Care Leaders: Shaping the Future of Health Care*
- [Informational brochure](#)
- [Register online](#)

[2011 Calendar of Events](#)

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triggers that would require deep Medicaid and Medicare cuts, and the phasing out of provider taxes. [Click here](#) to send email messages to your U.S Representative and Senators.

IHA is facilitating Congressional visits for members in Washington, D.C., on July 12-13 during AHA's special hospital advocacy days. For more information, contact [Kathleen Dunn](#) at 217-541-1153. In conjunction with the advocacy days, IHA has prepared a new [fact sheet](#) on key Medicare and Medicaid issues.

This week, AHA issued a [report](#) on the nation's hospitals as an economic mainstay and second largest source of private sector jobs, employing 5.4 million people and spending about \$342 billion in goods and services annually. Overall, U.S. hospitals create more than \$2.2 trillion in economic activity.

Illinois hospitals provide equally impressive economic benefits to the state. According to IHA's 2010 [economic impact report](#), Illinois hospitals provide more than 425,000 direct and indirect jobs and generate a statewide economic impact of more than \$75 billion a year. This information is key in our discussions with legislators on the impact of Medicare and Medicaid cuts, not only on the health care system but also on jobs and the economy.

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Efforts to Change IPPS Coding Cuts Expand to Senate

The effort to overturn the FY2012 inpatient prospective payment system (IPPS) coding offset moved to the U.S. Senate this week. Senators Debbie Stabenow (D-MI) and Lisa Murkowski (R-AK) are asking their colleagues to sign a "Protect Hospital Care for Patients" [letter](#) urging the Centers for Medicare and Medicaid Services (CMS) to make changes to the proposed coding offset. As proposed, the policy would cut hospital payments by 6.05% or \$6.3 billion nationally "compared to what they would have received absent this policy." The CMS policy would reduce payments to Illinois hospitals by \$308 million.

Last month, Reps. Pete Sessions (R-TX) and Joe Crowley (D-NY) asked their House colleagues to sign a similar letter to CMS, with a deadline of July 15. Members are encouraged to contact their U.S. Representative and Senators to sign the letters in their respective chambers. [Click here](#) to send an email message.

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Urge Legislators to Override Governor's Medicaid Cuts

On June 30, when Governor Quinn signed the FY2012 state budget into law (**HB3717**), he reduced the Medicaid appropriation for hospitals by \$276 million through a reduction veto. Members are urged to contact their state representative and senator and ask them to commit to vote to restore the \$276 million in the state budget by overriding the Governor's veto in the fall Veto Session.

The Dept. of Healthcare and Family Services has stated that the FY2012 budget passed by the General Assembly will require the Medicaid payment cycle to expand to about 120 days for many providers. While the Governor's Medicaid funding reduction is not a rate cut to hospitals, it would extend the hospital payment cycle, on average, by an additional 35 days.

Legislators are not currently in session. Now is an excellent time to visit them in their district offices or invite them for a hospital visit to discuss this critical issue. Personal contact with your legislators is best, but you may also send emails to your legislators by [clicking here](#).

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Study Shows Clear Benefits of Medicaid

Medicaid is a prime target for budget cuts, but its positive benefits have been verified in the first [study](#) of its kind to evaluate the impact of insuring the uninsured. The randomized study published this week by the National Bureau of Economic Research was based on Oregon's use of a lottery to add 10,000 people to the Medicaid program, out of 90,000 who applied. It found that compared to people without insurance, those with Medicaid had better access to and used more health care; were less likely to have unpaid medical bills; were more likely to report being in good health; and were less likely to report feeling depressed.

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IHA Raises Concerns on Medicaid Care Coordination, Access

IHA submitted two letters regarding key Medicaid issues in the past week on behalf of members.

IHA sent a [letter](#) to the Illinois Dept. of Healthcare and Family Services (HFS) in response to the Department's call for comments on the development of an improved and more efficient coordinated care health care system for those receiving services through public programs like Medicaid. "Hospitals and health systems are the backbone of health care delivery and are essential to making care coordination effective for the state," the letter states. IHA's initial

recommendations include:

- ▮ Building on and improving programs now used to coordinate care, such as primary care case management and other models being tested in the private market.
- ▮ Allowing for flexibility in the approach to both care coordination and financial risk. What works in one community or for one provider may not work elsewhere.
- ▮ Considering models for those with chronic conditions and including medical homes in order to take advantage of a 90% federal match and exploring federal grant opportunities for high Medicaid providers who do not have the resources to invest in the infrastructure needed to better coordinate patient care.

IHA will follow up with more detailed comments and discussions with HFS after receiving additional input from IHA's Board of Trustees and members. For more information, see HFS' [Coordinated Care Policy Forum web page](#).

In addition, IHA this week submitted a [comment letter](#) to the Centers for Medicare & Medicaid Services' on its proposal to create a standardized, transparent process for states to follow to assure equal access to care and services for Medicaid beneficiaries. IHA emphasized that low and slow payments have a documented effect on access to care. Other IHA concerns include expanding the review framework to include all provider payments, counting the cost of the uninsured in the access review, and the inclusion of managed care clients.

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CMS Issues Four Sets of Proposed Rules for 2012

The Centers for Medicare & Medicaid Services this week issued proposed rules and payment changes on outpatient care, the physician fee schedule, home health services, and renal dialysis services.

The [proposed outpatient rule](#) affects services to Medicare beneficiaries in hospital outpatient departments and ambulatory surgical centers as of Jan. 1, 2012. The rule includes an overall increase in the market basket update of 1.5% for hospitals that publicly report data on 23 quality measures. Hospitals not submitting data would receive a negative 0.5% update.

Ambulatory Surgery Centers are estimated to receive a 0.9% increase. CMS proposes higher payment rates for combined CPT codes for CT of the abdomen and pelvis, which had been sought by the hospital community. The proposed rule also strengthens the Hospital Value-

Based Purchasing Program, which will tie a portion of a hospital's payment for inpatient stays under the Inpatient Prospective Payment System in FY2014 to its performance score on a set of quality measures. Required levels of physician supervision also were included.

The proposed [physician fee schedule](#) would reduce physician payments by an estimated 29.5% on Jan. 1, 2012, if Congress does not intervene. Under the rule, CMS also proposes application of a 50% multiple procedure payment reduction to the professional component of advanced imaging services provided by the same practitioner to the same patient in the same session.

The [home health rule](#) proposes a 3.35% decrease in Medicare payments to home health agencies for calendar year 2012 for an estimated decrease of \$640 million compared to 2011. It would include market basket and wage index updates (a \$310 million increase) and reductions to the home health prospective payment system rates (a \$950 million decrease). Rate reductions in accordance with provisions of the Affordable Care Act, as well as those reflecting the effect of documentation and coding improvements are 1% and 5.06%, respectively. Home health agencies, similar to the outpatient hospitals, are subject to an additional 2% payment reduction if they fail to submit quality data.

Payments for [renal dialysis services](#) would increase by approximately 1.8% on Jan. 1, 2012, under a separate proposed rule. Renal dialysis facilities would continue the transition to a fully prospective payment system in FY2012, using a blended payment consisting of 50% of the PPS rate and 50% of the former composite rate.

IHA will be submitting formal comments to CMS on the proposed rules within the next several weeks. IHA also will be sending members hospital-specific sheets on the estimated impacts of the hospital outpatient and home health rules as soon as they are available.

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JAMA Study Focuses on Critical Access Hospital Quality

On July 5, the *Journal of the American Medical Association* (JAMA) released a study on [Quality of Care and Patient Outcomes in Critical Access Rural Hospitals](#). The study reviewed 2008-2009 Medicare fee-for-service data for acute myocardial infarction (AMI), congestive heart failure (CHF) and pneumonia for Critical Access Hospitals (CAHs) and non-CAHs. It concluded that “compared with non-CAHs, CAHs had fewer clinical capabilities, worse measured processes of care, and higher mortality rates for patients with AMI, CHF, or

pneumonia.” However, the authors acknowledged several limitations of their findings and of their data set.

In response, AHA issued a [statement](#) saying that the report “paints an incomplete picture of the care they [CAHs] provide every day...The reality is that CAHs are dedicated to providing safe, effective care to the communities they serve and work tirelessly to ensure patients get the right care at the right time.”

In Illinois, CAHs have looked to develop innovative health partnerships, use approaches such as telemedicine, e-ICUs and e-consults, and improve quality through various initiatives. In conjunction with IHA’s Quality Care Institute, they are working to facilitate the coordination of care across the continuum and reduce avoidable hospital readmissions and hospital-acquired conditions and infections.

The Institute is offering a series of calls to CAHs specifically focused on the unique needs of critical access and low volume PPS hospitals in reducing central line-associated blood stream infections and catheter-associated urinary tract infections. Contact [Marie Cleary-Fishman](#) at 630-276-5585 for details.

The Institute is also convening a group of CAH members to help the Institute develop a curricula for Project BOOST specifically tailored to meet the needs of CAHs in transitional care, the discharge process, and the reduction of avoidable readmissions. In addition, all CAH members are invited to join the ongoing monthly Project BOOST Light calls. The next call will be on Aug. 30. Contact [Sonya Terry](#) at 630-276-5827 for more information.

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Judging Begins for IHA Quality Achievement Awards

IHA thanks the many hospitals and health systems from across the state that submitted applications for the IHA Quality Care Institute’s first-ever *Better to Best: 2011 Quality Excellence Achievement Awards* (the deadline was July 1). We received 56 applications for the two awards which will be judged by nationally-recognized quality improvement leaders.

The *IHA Pledge Quality Achievement Award* recognizes hospitals that have demonstrated significant improvement efforts meeting the goals of IHA’s Raising the Bar: Call to Action campaign to reduce or eliminate hospital-acquired conditions and infections. The *IHA Innovation in Quality Award* honors hospitals that have demonstrated innovative approaches addressing elements of the Institute for

Healthcare Improvement's Triple Aim.

Awards will be given in four categories (urban, rural, Medicaid/safety net and specialty), with recipients honored at IHA's Annual Leadership Summit.

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IHA Leadership Summit Relocates to Lombard

Early bird registration is now open for this year's IHA Leadership Summit, [*Illinois Health Care Leaders: Shaping the Future of Health Care*](#), at The Westin Lombard Sept. 20-21. This new venue is easily accessible via I-88 and I-355. Numerous presenters from across the country will be assembled to help stimulate thinking, offer actionable strategies and provide invaluable insight. Make sure to mark your calendars and [register today!](#)

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Briefly Noted

- 1 The [Hospital Validation of Cost Information Webinar](#) held on July 6 and conducted by the Dept. of Healthcare and Family Services (HFS) is now available for review. Those who missed the live webinar are strongly urged to view the recorded webinar to make sure you agree with the mapping of revenue codes to your hospital's specific cost centers. If hospitals do not take the opportunity to validate their specific hospital cost information, HFS will assume it is correct.
- 1 The Illinois Dept. of Public Health (IDPH) filed a statewide [Declaration of Exemption](#) effective July 1, 2011, on behalf of public and private health care providers for the following vaccines affected by the January 2006 Mercury-Free Vaccine Act: Japanese Encephalitis; Tetanus and Diphtheria Toxoids Adsorbed; tetanus toxoid; Diphtheria-Tetanus, Meningococcal Polysaccharide; Hepatitis A/Hepatitis B (Twinrix); DTaP (Tripedia) and Influenza Vaccine 2010-2011 multi-dose formulation. IDPH states the exemption is needed due to "evidence that insufficient supplies of these vaccines are available at a reasonable cost."
- 1 **La Rabida Children's Hospital**, Chicago became the first independent pediatric facility in Illinois to receive the Physician Practice Connections-Patient-Centered Medical Home (PCMH) designation from the [National Committee for Quality Assurance](#). To qualify for the three-year distinction, the hospital had to meet PCMH standards which align with those of the American Academy of Pediatrics and other prominent medical

provider organizations.

- | Adult obesity rates increased in Illinois and 15 other states in the past year, according to a [report](#) by Trust for America's Health and the Robert Wood Johnson Foundation. Illinois' adult obesity rate is 27.7%, which is 23rd highest in the nation, and its combined adult overweight/obesity rate is 63.7%, up from 45% two decades ago. Illinois is one of only nine states with childhood obesity rates above 20%.

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