

Healthcare
Current Events
Forum

NJ HFMA
Healthcare Current
Events Forum (HCEF)
April 2026

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Agenda

- ✓ **National/State Issues**
 - ✓ Healthcare Update (KPMG)
 - ✓ Prior Authorization Update (Beckers)
 - ✓ NJ APNs Legal Update (Wilentz)
- ✓ **Part A - Hospital**
 - ✓ Hospital Flash Report (Kaufman Hall)
 - ✓ Hospital Margins (Beckers)
- ✓ **Part B – Outpatient**
 - ✓ NJ PBMs and Drug Costs (NJHA)
 - ✓ Access to Mental Health (MH)
- ✓ **Artificial Intelligence**
 - ✓ AI and Loneliness (HBR)
- ✓ **Final monthly presentation**
 - ✓ Wednesday, May 20, 2026

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✓ National/State Issues

✓ KPMG Healthcare Regulation

- ✓ CMS issued the Contract Year 2027 MA and Part D final rule , which restructures MA star ratings by eliminating the Health Equity Index and several administrative measures to focus on clinical outcomes and overall performance.
- ✓ The Departments of Labor, HHS, and Treasury published a FAQ document extending enforcement discretion for plans using the 2021 methodology to calculate Qualifying Payment Amounts (QPAs) for services furnished between February 1 and October 1, 2026. The action provides temporary relief and stability for providers and issuers amidst ongoing litigation around QPA calculation rules.
- ✓ The Trump administration released a plan to overhaul the pharmaceutical supply chain by imposing tariffs on imported patented drugs and their ingredients. The policy would exempt generic and biosimilar drugmakers, along with companies that have agreed to the administration's "most favored nation" pricing, creating a system of penalties and incentives to encourage domestic production.

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✓ **National/State Issues**

✓ **KPMG Healthcare Law and Policy Update**

- ✓ The HHS is reversing a 2024 Biden-era restructuring of its technology functions, by returning the Office of the National Coordinator for Health IT to its original name and structure. The reorganization moves the chief technology, AI, and data officers to the HHS' Office of the Chief Information Officer, aiming to improve coordination of AI, data, and cybersecurity policy across the department.
- ✓ Digital rights advocates are suing CMS for greater transparency into its AI-powered prior authorization program, WISeR, alleging the agency has ignored information requests about the model's operations. Citing concerns of algorithmic bias and potentially wrongful denials, 30+ House Democrats are also pushing to repeal the program in the next appropriations bill.
- ✓ A lawsuit brought by over 100 hospitals is challenging a 2023 HHS rule that retroactively alters the calculation of Disproportionate Share Hospital (DSH) payments. The hospitals argue the change, which adjusts how MA patients are counted, will unlawfully result in the loss of billions in funding for safety-net hospitals and are seeking to have the rule vacated.

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✓ **National/State Issues**

✓ **NJ APNs Legal Update**

- ✓ On March 30, 2026, Governor Mikie Sherrill signed P.L.2026, c.6 into law. The law makes permanent the independent practice authority of certain advanced practice nurses (APNs) who provide primary or behavioral health care. The law allows qualifying APNs to prescribe medications without joint protocols with collaborating physicians.
- ✓ The law permits an APN who is authorized to practice advanced practice nursing within a population focus of family or individual across the lifespan, adult gerontology, pediatrics, women's health, or behavioral health to practice without a joint protocol with a collaborating physician, provided that the APN has more than 5,000 hours of licensed, active, advanced nursing practice in a role with the applicable population focus, the APN is providing primary health care or behavioral health care, and is not providing health care services in the areas of general obstetrics, elective aesthetic services or cosmetic services.
- ✓ The law allows APNs in the permitted practice areas to prescribe medications, including medical cannabis, independently so long as they do so in accordance with the New Jersey Board of Nursing regulations.

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✓ Polling Question #1

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Which of the following is not true about NJ APNs recent update?

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✓ The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement

✓ Kaufman Hall April 2026 Hospital Flash Report (February 2026 Data)

✓ Key Findings

- ✓ Cost pressures are driving a tenuous financial outlook. Hospital expenses are elevated in early 2026 compared to 2025, while revenues are pressured by an eroding payer mix and remain below sustainable levels.
- ✓ Hospital performance is bifurcating. There is significant variation in hospital performance by size, geography, and market position.
- ✓ Softer, uneven volumes reflect shifting care patterns. Patient days have softened in early 2026 while the average length of stay remains relatively steady, reflecting both demographic shifts and changes in where care is delivered.
- ✓ Outpatient revenue is rising in early 2026. Outpatient care offers significant benefits to both patients and health systems, though hospitals must manage both revenue dilution and a greater concentration of high-acuity patients as a result.

✓ Operating Margins (Without Corporate Allocations)

✓ CYTD – 5.5% Operating Median Margin February 2026

✓ Monthly – 5.7% Operating Median Margin February 2026

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✓ The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement

✓ Hospital Margins

- ✓ According to Strata Decision Technologies, which gathered data from more than 1,900 hospitals to track financial performance, the average year-to-date operating margin ticked up only slightly, from -0.6% in January to -0.3% in February.
- ✓ Hospital operating margins were essentially flat for the first two months of 2026, but dropped 1.3 percentage points year over year in February.
- ✓ The full breakdown by bed size, according to Strata's data:
 - ✓ • 0-25 beds: 2.3 percentage point drop
 - ✓ • 26-99 beds: 3.5 percentage point drop
 - ✓ • 100–199 beds: 1.1 percentage point drop
 - ✓ • 200–299 beds: 0.2 percentage point growth
 - ✓ • 300–499 beds: 1.3 percentage points drop
 - ✓ • 500 beds or more: 0.5 percentage point growth

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✓ Polling Question #2

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Which of the following is true about the April key findings for the Hospital Flash Report?

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✓ The Centers for Medicare and Medicaid Services (CMS) – Part B Reimbursement

✓ NJ PBMs and Drug Costs

- ✓ New Jersey businesses spend billions annually on employee health benefits, and prescription drug costs are among the fastest-growing line items. You have been told that Pharmacy Benefit Managers – PBMs– are your partners in controlling those costs. The data tells a more complicated story.
- ✓ PBMs negotiate billions in rebates from manufacturers in exchange for preferred formulary placement. Manufacturers, in turn, raise their list prices to fund larger rebates — because a higher list price means a bigger rebate check, which secures better placement.
- ✓ There is a second, less visible mechanism: spread pricing. PBMs charge your health plan one price for a drug and reimburse the dispensing pharmacy a lower price, pocketing the difference.
- ✓ Much-needed additional protections include mandatory rebate pass-through to patients at the point of sale, full spread pricing bans in the commercial market, and robust conflict-of-interest rules for vertically integrated PBMs. These safeguards have not yet been enacted for commercial plans covering most New Jersey workers.

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part B Reimbursement**
- ✓ **Access to Mental Health Services**
 - ✓ Health systems are expanding mental health services, but leaders fear they will not be able to move quickly enough to patch an eroding safety net.
 - ✓ Providers look to curb unnecessary emergency department visits and long stays through care coordination programs.
 - ✓ Many outpatient treatment facilities and community-based services surrounding health systems have cut staff or closed.
 - ✓ Nearly 23% of Americans 12 and older received mental health treatment in 2024, up from 20.6% in 2023, according to the latest national data from the federal Substance Abuse and Mental Health Services Administration. Meanwhile, 137 million people lived in areas last year where there was a shortage of mental health professionals, up 12% from 122 million in 2024, Health Resources and Services Administration data show.

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✓ Polling Question #3

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Which of the following is not true about NJ PMBs and Drug Costs?

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✓ Artificial Intelligence (AI)

✓ AI and Employee Collaboration

- ✓ In their new magazine feature, Hadley and Wright warn that “the way that AI is being implemented may weaken personal connections and collaboration, ultimately making the problem worse.” They point to four reasons why:
 - ✓ • There are fewer people to collaborate with. As companies downsize and encourage people to work more closely with agents, the result may be more people who work alone.
 - ✓ • It’s easier to connect with AI. “Talking with an always reachable, sycophantic AI chatbot can be more appealing than conversing with real people,” they note. This tendency can also atrophy people’s social skills.
 - ✓ • Trust diminishes. The act of supporting a colleague, and having a colleague support you, is a crucial buffer against loneliness. When you can simply turn to AI for help, the opportunity to build this kind of trusting relationship goes away.
 - ✓ • Existential loneliness rises. AI can do a lot, but it’s still artificial, and working close with an agent or tool can bring up uncanny and uncomfortable feelings. One person from a separate survey the authors cite described AI as a “helpful ghost in the office: always there and responsive but never truly present.”

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✓ Polling Question #4

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Which of the following is true about AI and employee collaboration?

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