

NJHFMA-
Physician Practice
Forum

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Forum - Presentation
February 2024

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Agenda

- ✓ **National/State Issues**
 - ✓ McKinsey Healthcare Outlook for 2024
 - ✓ CMS Finalizes Prior Authorization Rule
 - ✓ ACA Membership 2023
- ✓ **Part A**
 - ✓ Fitch Outlines Issues for 2024
 - ✓ Kaufman Hall XYZ 2023 Flash Report
 - ✓ Rural Hospitals in Trouble
- ✓ **Part B**
 - ✓ AMA Top Issue Scope of Practice
 - ✓ Wearables
- ✓ **Compliance**
 - ✓ No Surprises IDR Portal is Back
- ✓ **Payers**
 - ✓ Medicare Advantage Proposed Rule
- ✓ **Technology**
 - ✓ HHS Cyber Guidelines

Next monthly meeting

Wednesday March 20, 2023

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✓ National/State Issues

✓ McKinsey Healthcare Outlook for 2024

- ✓ Industry segments with the potential of higher profit pools beginning in 2024, spurred by margin and cost optimization and reimbursement-rate increases:
 - ✓ Medicare Advantage, spurred by the rapid increase in the duals population; the group business, due to recovery of margins post-COVID-19 pandemic; and individual
 - ✓ Within health systems, outpatient care settings such as physician offices and ambulatory surgery centers, driven by site-of-care shifts
 - ✓ Within health services and technology (HST), the software and platforms businesses (for example, patient engagement and clinical decision support)
 - ✓ Within pharmacy services, with specialty pharmacy continuing to experience rapid growth

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✓ **National/State Issues**

✓ **CMS Finalizes Prior Authorization Rule**

- ✓ The new rule will require some payers to send prior authorization decisions within 72 hours for expedited requests and seven calendar days for standard requests, according to a news release.
- ✓ The rule, which goes into effect in 2026, will cut the decision timeframe in half for some payers.
- ✓ Affected payers will also have to include specific reasons for denying a prior authorization and publicly report prior authorization metrics.
- ✓ They will have to implement a Health Level 7 Fast Healthcare Interoperability Resources prior authorization application programming interface (API) to improve efficiency for electronic processing.

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✓ **National/State Issues**

✓ **ACA Membership**

- ✓ The Biden-Harris Administration announced 21.3 million people selected an Affordable Care Act Health Insurance Marketplace plan during the 2024 Open Enrollment Period.
- ✓ Total plan selections include more than five million people — about a fourth — who are new to the Marketplaces and 16 million people who renewed their coverage.
- ✓ The Inflation Reduction Act (IRA) and the American Rescue Plan continue to keep Marketplace coverage affordable. Thanks to the IRA, four in five HealthCare.gov customers were able to find health care coverage for \$10 or less per month for plan year 2024 after subsidies.
- ✓ The administration issued almost \$100 million in Navigator Awards, allowing organizations to hire staff trained to help consumers find affordable, comprehensive health coverage.

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✓ Polling Question #1

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Which of the following is an is not a McKinsey 2024 outlook for higher profit margins?

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

✓ **Fitch Outlines Issues for 2024**

- ✓ Five factors affecting hospital financials in 2024 are as follows:
 - ✓ Capital spending is necessary - Striving for an operating margin of 3% or higher is a sweet spot for health systems to cover their expenses but still make important investments into the organizations.
 - ✓ Some merger and acquisition (M&A) deals are easier than others - Additional scrutiny from state and federal regulators is limiting traditional mergers and acquisitions.
 - ✓ Traditional providers must pass or play - Traditional providers have three options: ignore the new market entrants, partner with them or outcompete with them.
 - ✓ Modest improvements expected for cash on hand - Better profitability and investment gains typically bolster cash on hand, but any increases can be offset by a growing expense base, particularly for labor.

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

- ✓ **Kaufman Hall January 2024 Hospital Flash Report (December 2023)**

- ✓ **Key Findings**

- ✓ Margins improved in December and are up by more than 15% compared to 2022, which marked the worst year since the beginning of the pandemic. Hospitals are experiencing general improvement across operational and financial measures.
- ✓ Average length of stay has declined on a year-over-year basis. This continued stabilization reflects the ongoing effort by hospitals and health systems to have clear pathways for discharge. Despite current signs of improvement, acuity and average length of stay will likely rise in the long term as lower-acuity care is shifted outside the hospital.
- ✓ Outpatient revenue has grown significantly—increasing by more than 40% compared to 2020. This growth is being driven by the shift towards outpatient care settings due to reimbursement changes, patient preference, increased ability for care to be delivered in these settings, and further digitization.
- ✓ CYTD Operating Margin – 2.3%
- ✓ Monthly Operating Margin – 4.6%

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

✓ Rural Hospitals Continue to Decline

- ✓ The Rural Emergency Hospital Program (REHP) is a new federal program, which went into effect in January 2023, to stem the closures of rural hospitals.
- ✓ Just 18 of the more than 1,700 eligible rural hospitals nationwide have applied for and won the new designation. Many hospitals are reluctant to give up inpatient services.
- ✓ Lawmakers are considering some changes to the REHP as follows:
 - ✓ Keep overnight beds for patients who need moderate levels of care, such as those with pneumonia or in need of physical therapy after surgery.
 - ✓ Allow participation in a federal drug discount program called 340B, which provides hospitals with extra revenue.
 - ✓ Keep inpatient psychiatric or rehabilitation units open.
 - ✓ Clarify eligibility, including which facilities qualify under the definition of “rural” and whether the hospitals that closed before the 2020 date in the law can apply.

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✓ Polling Question #2

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Which item is a key finding to prevent rural hospitals from closing?

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part B Reimbursement**
- ✓ **American Medical Association (AMA) Top State Issue**
 - ✓ A new AMA survey data makes clear what lies at the top of their list of legislative priorities for 2024: scope of practice.
 - ✓ 86% of the medical association professionals surveyed put scope of practice atop their legislative priority list—outpacing a long list of other important issues.
 - ✓ All of the proposed scope of practice bills had two things in common:
 - ✓ Threatened patient safety by proposing to allow nonphysicians to engage in patient-care activities that constitute the practice of medicine and for which they are not trained to provide.
 - ✓ Were pitched aggressively to legislators by impassioned stakeholders looking to erode physician-led care.
 - ✓ The AMA played a role in defeating bills that impacted a broad range of nonphysician providers, including nurse practitioners, nurse anesthetists, physician assistants, psychologists, optometrists, naturopaths and pharmacists.

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

✓ **Wearables**

✓ **Top Benefits of wearables are as follows:**

- ✓ **Early detection of heart conditions** - The Apple Watch can help in the early detection of irregularities in heart rate which may facilitate timely medical intervention and diagnosis.
- ✓ **Remote patient monitoring** - Wearable monitors enable remote monitoring of patients, providing healthcare professionals with real-time data on a patient's heart health.
- ✓ **Improved patient engagement** - Patients can track their heart rate, physical activity, and other relevant metrics, fostering a sense of control over their well-being.
- ✓ **Data collection for research** - Large-scale data collected from wearable devices can contribute valuable insights into population health and aid in research efforts.

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✓ Polling Question #3

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Which of the following is not a benefit of wearables?

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✓ Compliance

✓ **No Surprise Portal is Back – Proposed Rule**

- ✓ The independent dispute resolution (IDR) process for providers engaged in No Surprises Act conflicts with payers came back online in December.
- ✓ The IDR piece of the No Surprises strategy is supposed to help providers get fair payment from insurers on out-of-network claims.
- ✓ During a pause because of lawsuits, CMS, HHS and other federal agencies put together a proposed rule on IDR that was published on Nov. 3, 2023.
- ✓ The rule proposes that when a party opens an IDR claim it “must provide a written open negotiation notice to the other party and to the Departments through the Federal IDR portal to initiate the open negotiation period” within 15 days.
- ✓ All this is an attempt to make it easier to determine whether a dispute is eligible for the federal IDR process and reduce the back-and-forth efforts to get patient information about their insurance coverage.

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✓ Payers

✓ Medicare Advantage - Proposed Rule 2025

✓ The following are the major proposals:

- ✓ Requiring MA plans to include a health equity expert on their utilization management committees
- ✓ The utilization management committees would be required to conduct an annual analysis of the plans' prior authorization policies and procedures to survey the insureds' social risk factors
- ✓ Eligibility for Part D low-income subsidies
- ✓ Dual eligibility for Medicare and Medicaid
- ✓ Having a disability, and compare it to the enrollees without those risk factors
- ✓ Payers would be required to post this analysis publicly on their website.

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✓ Technology

✓ HHS Cyber Guidelines

✓ The essential goals are as follows:

Mitigate Known Vulnerabilities: Reduce the likelihood of threat actors exploiting known vulnerabilities.

Email Security: Reduce risk from common email-based threats, such as email spoofing, phishing, and fraud.

Multifactor Authentication: Add a critical, additional layer of security, where safe and technically capable, to protect assets and accounts directly accessible from the Internet.

Basic Cybersecurity Training: Ensure organizational users learn and perform more secure behaviors.

Strong Encryption: Deploy encryption to maintain confidentiality of sensitive data and integrity.

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✓ Technology

✓ HHS Cyber Guidelines

✓ The essential goals are as follows:

Revoke Credentials for Departing Workforce Members: Prevent unauthorized access to organizational accounts

Basic Incident Planning and Preparedness: Ensure safe and effective organizational responses cybersecurity incidents.

Unique Credentials: Use unique credentials inside organizations networks to detect anomalous activity

Separate User and Privileged Accounts: Establish secondary accounts to prevent accessing privileged or administrative accounts

Vendor/Supplier Cybersecurity Requirements: Mitigate risks associated with third party products and services.

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✓ Polling Question #4

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Which of the following is a Medicare Advantage proposal?

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