

Healthcare
Current Events
Forum

NJ HFMA
Healthcare Current
Events Forum (HCEF)
February 2025

NJ HFMA – Healthcare Current Events Forum

Agenda

- ✓ **National/State Issues**
 - ✓ *KPMG Healthcare Update
 - ✓ *Healthcare Executive Orders
 - ✓ *NJ Extends Telehealth Coverage
- ✓ **Part A**
 - ✓ *Kaufman Hall Hospital Flash Report
 - ✓ *Fitch Hospital Projections
- ✓ **Part B**
 - ✓ *Providers Harder to get Paid
 - ✓ *Bipartisan bill to increase physician pay
- ✓ **Payers**
 - ✓ *Key Functions of PBMs
- ✓ **Compliance**
 - ✓ *HIPAA Security Rule Update
- ✓ **Technology**
 - ✓ *AI Applications in Radiology
- ✓ **Next monthly meeting**
 - ✓ Wednesday, March 19, 2025

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✓ **National/State Issues**

✓ **KPMG Healthcare Regulation**

- ✓ In a new statement on Lowering the Cost of Prescription Drugs, CMS highlighted that reducing drug costs is a top priority for President Trump and that his administration will incorporate lessons learned and feedback from the public to improve the Medicare Drug Price Negotiation Program.
- ✓ GAO issued a report that outlines actions the USDA should take to improve oversight for meat and poultry products, noting the importance of food safety and inspection standards. The CDC estimates foodborne illnesses affect one in six Americans annually.
- ✓ FDA withdrew a proposal to ban menthol cigarettes and other flavored cigars, according to new regulatory filing. The proposal was introduced by the Biden administration but delayed indefinitely in response to feedback about civil rights.

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✓ National/State Issues

✓ KPMG Healthcare Law and Policy Update

- ✓ The Kansas City metropolitan area is experiencing a severe outbreak of tuberculosis, according to the Kansas Department of Health and Environment. Tuberculosis is a contagious disease that commonly affects the lungs and spreads through the air.
- ✓ Bipartisan legislation introduced in the U.S. Senate would require that all direct-to-consumer pharmaceutical advertisements include price disclosures for prescription drugs and biological products. Legislators noted that the bill aims to improve transparency and better inform patient decision-making.
- ✓ The Senate HELP committee introduced bipartisan legislation to reauthorize the Dr. Lorna Breen Health Care Provider Protection Act, which would reauthorize several grant programs and education campaigns focused on suicide prevention and mental health treatment for healthcare professionals.
- ✓ According to an analysis by KFF, Marketplace plans available through Healthcare.gov denied 20% of all claims on average, citing a lack of prior authorization or referral, as well as other administrative reasons.
- ✓ Congress introduced a bill to offset cuts in Medicare payments for physicians, including a payment increase to account for inflation.

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✓ National/State Issues

✓ Key Healthcare Issues per Executive Orders

- ✓ Mr. Trump signed an executive order Jan. 20 removing the U.S. from the World Health Organization due to "the organization's mishandling of the COVID-19 pandemic that arose out of Wuhan, China, and other global health crises.
- ✓ Mr. Trump also signed an executive order that reverses dozens of policies from the Biden administration, ranging from a 2021 racial equity and support for underserved communities order to a 2021 equitable pandemic response and recovery order.
- ✓ That same order also rescinded Mr. Biden's Lowering Prescription Drug Costs for Americans executive order, aimed at reducing prescription drug costs for Americans, including a plan to cap certain generic drug prices for Medicare beneficiaries at \$2.
- ✓ Mr. Trump also announced plans to impose a 25% tariff on products from Canada and Mexico starting Feb. 1, The New York Times reported.
- ✓ Officials from Mr. Trump's team have selected Dorothy Fink, MD, an endocrinologist, as interim HHS secretary, The Washington Post reported Jan. 19, citing three anonymous sources.

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✓ **National/State Issues**

✓ **NJ Telehealth Coverage Extended**

- ✓ The Coverage for Telehealth in New Jersey Extended to July 1, 2025 the requirement that health benefit plans in New Jersey reimburse telemedicine and telehealth services at the same rate as in-person services provided those services are already covered for in-person care under the plan.
- ✓ The law applies to benefit plans that cover hospital or medical expenses for covered services, including those offered by carriers, the State Health Benefits Commission, and the School Employees' Health Benefits Commission. It also extends to the State Medicaid program and the NJ FamilyCare program but excludes Medicare.
- ✓ The law also does not apply to healthcare services provided remotely through real-time, two-way audio without a video ⁶ component, except for behavioral health services.

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✓ Polling Question #1

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Which of the following is true about NJ Telehealth Coverage?

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Kaufman Hall February 2025 Hospital Flash Report (December 2024 Data)**
 - ✓ **Key Findings**
 - ✓ 1. Patient Hospital performance improved compared to 2023. Outpatient revenue increased and over the year, there was a decrease in patient observation days.
 - ✓ 2. Expenses rose in 2024 but did not outpace inflation on a volume adjusted basis. The workforce continues to be competitive.
 - ✓ 3. Bad debt and charity care rose in 2024. This trend may reflect the continued Medicaid redetermination process and increase in the rate of payer denials.
 - ✓ **Operating Margins**
 - ✓ CYTD – 4.9% Operating Margin December 2024
 - ✓ Monthly – 7.6% Operating Margin December 2024

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Fitch Hospital Projections**
 - ✓ As reported in December, Fitch Ratings upgraded the sector outlook for not-for-profit (NFP) hospitals to neutral/stable after more than two years in which the outlook was categorized as negative/deteriorating.
 - ✓ A key factor in the improvement has been a moderation of labor trends, with better retention rates and less reliance on contract workers than in 2023, Fitch experts said.
 - ✓ For 2025, Fitch projects a median margin of between 1% and 2%. That would be noteworthy progress from the past several years but still would fall short of the 3% mark that hospitals generally say is needed to avoid constraints on capital expenditures.
 - ✓ Medicare Advantage is another policy area of note after a year in which, anecdotally, hospitals terminated their contracts in larger numbers.

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✓ Polling Question #2

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Which of the following is not true about the Fitch Hospital Projections?

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

✓ **Providers – Difficulty Getting Paid**

- ✓ Health insurance companies justify utilization management and claims review as crucial to constraining healthcare spending and ensuring that patients receive appropriate care.
- ✓ Plans are trying to engage in additional medical assessment, and control costs more. In this case, they're doing this in a way that is not efficient and leads to significant administrative costs being thrust upon providers.
- ✓ Starting in 2027, insurers participating in Medicare, Medicaid and the exchanges will be required to disclose how often and why they deny claims.
- ✓ Beginning in March, Blue Cross Blue Shield of Michigan will assess fees when providers appeal some commercial claims. If a state external review board rules in favor of Blue Cross twice, the insurer will bill providers for the administrative costs associated with defending itself.

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

✓ **Bipartisan Bill to Increase Physician Pay**

- ✓ A bipartisan group of lawmakers introduced the Medicare Patient and Provider Stabilization Act in the House of Representatives to address the cut to the Medicare conversion factor. If enacted, beginning April 1, the legislation would prospectively cancel the 2.83% Medicare payment cut that went into effect January 1 and include a 2% inflationary update for 2025.
- ✓ A separate bipartisan group introduced the Preserving Patients Access to Accountable Care Act. This bill would extend the APM incentive payment at 3.53% and maintain the 2024 qualifying APM participant (QP) thresholds through 2025.

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✓ Polling Question #3

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Which of the following are reasons providers are having difficulty getting paid?

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✓ Payers

✓ Key Functions of PBMs

- ✓ 1. **Formulary Management:** PBMs create and manage formularies (lists of covered drugs) to guide drug usage and control costs.
- ✓ 2. **Price Negotiation:** They negotiate prices with drug manufacturers for rebates and discounts, often securing lower costs for payers.
- ✓ 3. **Pharmacy Networks:** PBMs establish networks of pharmacies, ensuring beneficiaries have access to prescription medications at contracted rates.
- ✓ 4. **Claims Processing:** They handle the administration of prescription drug claims for their clients.
- ✓ 5. **Utilization Management:** PBMs implement programs like prior authorization, step therapy, and quantity limits to ensure cost-effective and clinically appropriate drug use.

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✓ Payers

✓ HIPAA Security Rule Proposal

- ✓ • Removing the distinction between “required” and “addressable” implementation specifications and making all implementation specifications required with specific, limited exceptions.
- ✓ • Requiring written documentation of all Security Rule policies, procedures, plans, and analyses.
- ✓ • Requiring the development and revision of a technology asset inventory and a network map that illustrates the movement of ePHI throughout the regulated entity’s electronic information system(s) on an ongoing basis, but at least once every 12 months and in response to a change in the regulated entity’s environment or operations that may affect ePHI.
- ✓ • Requiring greater specificity for conducting a risk analysis.
- ✓ • Strengthening requirements for planning for contingencies and responding to security incidents.
- ✓ • Requiring regulated entities to conduct a compliance audit at least once every 12 months to ensure their compliance with the Security Rule requirements.

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✓ Payers

✓ HIPAA Security Rule Proposal

- ✓ • Requiring that business associates verify at least once every 12 months for covered entities (and that business associate contractors verify at least once every 12 months for business associates) that they have deployed technical safeguards required by the Security Rule to protect ePHI through a written analysis of the business associate's relevant electronic information systems by a subject matter expert and a written certification that the analysis has been performed and is accurate.
- ✓ • Requiring encryption of ePHI at rest and in transit, with limited exceptions.
- ✓ • Requiring the use of multi-factor authentication, with limited exceptions.
- ✓ • Requiring vulnerability scanning at least every six months and penetration testing at least once every 12 months.
- ✓ • Requiring business associates to notify covered entities (and subcontractors to notify business associates) upon activation of their contingency plans without unreasonable delay, but no later than 24 hours after activation.

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✓ Technology

✓ AI Applications in Radiology

- ✓ AI in outpatient radiology enhances radiology screenings by boosting the detection capabilities and accuracy of underlying diseases and cancers.
- ✓ AI in radiology helps with image analysis, improves the accuracy of MRI imaging, can improve patient care with quicker turnaround results, reduces costs, and helps alleviate burnout among radiologists.
- ✓ The use of AI technologies such as cardiac AI for preventive care, lung CT and AI as a "second read," and bone X-rays with AI for accelerated results.
- ✓ Using AI as a reliable source that can be used for preventive care tactics, using a second read for MRI results, and using AI to ²⁰ increase speed for results.

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✓ Polling Question #4

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Which of the following is not part of the HIPAA Security proposal?

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