

Healthcare
Current Events
Forum

NJ HFMA
Healthcare Current
Events Forum (HCEF)
February 2026

NJ HFMA – Healthcare Current Events Forum

Agenda

- ✓ **National/State Issues**
 - ✓ Healthcare Update (KPMG)
 - ✓ Medicaid Update 2026 (KFF)
- ✓ **Part A - Hospital**
 - ✓ Hospital Flash Report (KH)
 - ✓ Ablation Product Investment (MH)
- ✓ **Part B – Outpatient**
 - ✓ Physician Flash Report (KH)
 - ✓ Wins for Doctors (LinkedIn)
- ✓ **Artificial Intelligence**
 - ✓ Major Predictions 2026 (HBR)
- ✓ **Next monthly meeting**
 - ✓ Wednesday, March 18, 2026

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✓ **National/State Issues**

✓ **KPMG Healthcare Regulation**

- ✓ FDA launched the PreCheck pilot program to strengthen the domestic pharmaceutical supply chain. The initiative is designed to increase regulatory predictability and streamline the assessment of new manufacturing facilities in the U.S. before a product application is submitted.
- ✓ The HHS health information technology office, ASTP/ONC, released a RFI on incorporating diagnostic imaging criteria into the Health IT Certification Program. The initiative aims to improve the electronic access, exchange, and use of diagnostic images for patients and providers, addressing issues like proprietary formats and the limitations of physical media.
- ✓ Oklahoma's governor issued an executive order to reassert state regulatory authority over Medicare Advantage (MA) plans, addressing reported issues like improper denials and financial burdens on providers. The order limits prior authorizations, bars certain marketing tactics, and mandates that MA plans maintain adequate provider networks with appropriate and timely payment.

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✓ National/State Issues

✓ KPMG Healthcare Law and Policy Update

- ✓ The White House launched the TrumpRx website, a drug pricing website aimed at lowering pharmaceutical costs. The site offers discounts on about 40 drugs by allowing customers to purchase them directly from manufacturers or use coupons at pharmacies. The new tool is expected to primarily benefit uninsured Americans, as most individuals can secure lower costs through their health insurance coverage.
- ✓ President Trump signed an appropriations minibus to fund HHS and other agencies through September 30, ending a brief government shutdown. The legislation also enacts significant healthcare provisions, including new rules for pharmacy benefit managers, a two-year extension of telehealth flexibilities, and several other health program extenders.
- ✓ According to a new report from the HHS OIG, genetic testing now comprises a significant and growing portion of Medicare Part B laboratory spending, increasing from 18% of the total in 2018 to 43% in 2024. This trend is marked by a 20% year-over-year spending increase on these tests, which reached \$3.6B in 2024.
- ✓ In efforts to improve the accuracy of Medicaid rate-setting and address persistent workforce shortages by providing more transparent and detailed wage data, the Medicaid and CHIP Payment and Access Commission (MACPAC) has recommended that HHS require states to publicly report hourly wages paid to home- and community-based services (HCBS) workers.

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✓ **National/State Issues**

✓ **Medicaid Update**

- ✓ In 2026, states will begin implementing Medicaid policy changes that are estimated to increase the number of people without health insurance by 7.5 million in 2034.
- ✓ States will need to make major policy decisions and systems upgrades, likely in advance of formal federal guidance, to be ready to implement work requirements in January 2027.
- ✓ Federal immigration policies and state policy choices could have implications for Medicaid coverage in 2026.
- ✓ Cuts to federal Medicaid spending will exacerbate the fiscal challenges states are experiencing because of slowing revenue growth and increasing spending demands.
- ✓ To address slowing revenue growth and increasing spending demands, states may seek to restrict Medicaid provider reimbursement rates, benefits, or eligibility to reduce state Medicaid spending.

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✓ Polling Question #1

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Which of the following is not true about Medicaid policy changes?

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Kaufman Hall February 2026 Hospital Flash Report (December 2025 Data)**
 - ✓ **Key Findings**
 - ✓ Performance Hospital performance settled into a “new normal” in 2025. While margins in 2025 were stronger compared to prior years, hospitals need to be strategic about diversifying services and managing expenses.
 - ✓ Patient volumes continue to grow across all services. While outpatient volumes continue to increase, hospitals will likely have a greater proportion of high acuity patients with elevated costs of care.
 - ✓ There is a persistent gap between gross and net operating revenue, alongside a rise in bad debt and charity care. This imbalance indicates an eroding payer mix, likely a higher proportion of government vs. private payers, and more uninsured patients.
 - ✓ **Operating Margins (Without Corporate Allocations)**
 - ✓ **CYTD – 4.9% Operating Median Margin December 2025**
 - ✓ **Monthly – 8.6% Operating Median Margin December 2025**

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

✓ **Ablation Products Investment**

- ✓ Hospitals of all sizes are adopting pulsed field ablation despite higher costs.
- ✓ Faster procedures, improved safety, strong patient demand and long-term growth prospects make it attractive.
- ✓ Reimbursement is not ideal, as it is at the same rate as older technology.
- ✓ In atrial fibrillation, certain heart cells near the pulmonary veins fire off extra electrical signals that make the heart beat irregularly and too fast. Unlike thermal ablation, which relies on heat or cold, pulsed field ablation uses brief, high-energy electrical pulses to destroy arrhythmia-causing heart tissue.
- ✓ Pulsed field ablation has only been available in the U.S. within the past two years. Despite it being reimbursed at the same level as older technology, hospitals have embraced it as an atrial fibrillation treatment because it's considered safer, in demand by patients and the procedure is faster.

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✓ Polling Question #2

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Which of the following is not a key finding of the Hospital Flash Report?

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

✓ Physician Flash Report – Q4 2025

- ✓ 1. Compensation is not keeping pace with physician productivity. Physician productivity, as measured by work relative value units (wRVUs) per FTE, is up 9% since 2023 while physician compensation is only up 6%.
- ✓ 2. Patient demand, as measured by net patient revenue, is up. But on a per provider wRVU basis, net patient revenue has decreased 1% since 2023, reflecting lower reimbursement rates.
- ✓ 3. The proportion of advanced practice providers (APPs) continues to rise. APPs are now 40.7% of the workforce.
- ✓ Investment/Subsidy per Provider \$236,290 (No Change from Q4 2024)
- ✓ Investment/Subsidy per Physician \$315,358 (4% Increase from Q4 2024)

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

✓ **Wins for Doctors**

- ✓ The newly passed federal government funding package includes a bipartisan package of health care proposals as follows:
 - ✓ Medicare telehealth coverage renewed for two years.
 - ✓ 3.1% bonus restored for physicians participating in Medicare alternative payment models (APMs).
 - ✓ Access to the Medicare Diabetes Prevention Program expanded.
 - ✓ Medicare Advantage plans required to maintain accurate, regularly updated provider directories and publicly report directory accuracy.
 - ✓ Acute Hospital Care at Home waiver extended for five years.

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✓ Polling Question #3

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Which of the following is not a key finding of the Physician Flash Report?

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✓ National/State Issues

✓ Major AI Predictions

- ✓ AI layoffs outpace AI productivity gains.
 - ✓ In 2025, we witnessed large, high-profile layoffs attributed—directly or indirectly—to AI. But in reality, people aren't actually losing their jobs to better-performing AI, at least not yet. Gartner analysis finds that less than 1% of layoffs in the first half of 2025 were the result of AI increasing employees' productivity.
- ✓ Culture dissonance holds organizations back from performance goals.
 - ✓ In 2026, the most successful organizations will be forthright, both internally and externally, about the reality of their culture and what they expect from employees (e.g. hours, output, and location). Culture can, and should, evolve to meet the realities of the current work environment, but employees must know what they're signing up for.
- ✓ AI takes a toll on employees' mental fitness.
 - ✓ In 2026, AI's impact on employees' mental fitness—their emotional, psychological, and cognitive well-being will become an urgent problem in the workplace. This is something organizations are currently largely ignoring: A recent Gartner survey found that 91% of CIOs and IT leaders said their organizations dedicate little to no time scanning for behavioral byproducts of AI use. This gap will lead to well-being, performance, and productivity costs.

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✓ Polling Question #4

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Which of the following is not an AI 2026 prediction?

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