

NJHFMA-  
Physician Practice  
Forum

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Forum - Presentation  
March 2024

# NJ HFMA – Physician Practice Forum

## Agenda

- ✓ **National/State Issues**
  - ✓ PBM Legislation
  - ✓ CMS Financial Flexibilities
  - ✓ UnitedHealth Group – Change Healthcare Timeline
- ✓ **Part A**
  - ✓ Kaufman Hall Hospital Flash Report
  - ✓ Safety Net Hospitals in Trouble
- ✓ **Part B**
  - ✓ Outpatient Building Boom
  - ✓ Physicians and Noncompetes
- ✓ **Compliance**
  - ✓ OCR Investigating UnitedHealth
- ✓ **Payers**
  - ✓ MA Issues Not a Major Insurer Concern
- ✓ **Technology**
  - ✓ Change Healthcare Breach

**Next monthly meeting**

Wednesday, April 17, 2024

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## ✓ **National/State Issues**

### ✓ **PBM Legislation**

- ✓ Numerous bills targeting PBMs cleared House and Senate committees with strong bipartisan support during the current Congress, and one overwhelmingly passed the House.
- ✓ Most sought increased transparency and would limit how PBMs could compensate themselves. The House-passed Lower Costs More Transparency Act of 2023 focused on PBM interactions with Medicare and Medicaid.
- ✓ A bill the Senate Health, Education, Labor and Pensions Committee approved targeted the broader market.
- ✓ It's unclear what the path forward would be if PBM reforms and other reauthorizations are not included, though sources speculated that legislation in the lame duck session after the November election would be a likely outcome.

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## ✓ **National/State Issues**

### ✓ **CMS Financial Flexibilities**

- ✓ CMS ordered its claims administrators to assist pharmacies, hospitals and others that need to use alternate means to process transactions.
- ✓ HHS also advised providers to seek relief from private health insurance companies.
- ✓ CMS offers accelerated payments to Part A providers and Part B suppliers
- ✓ HHS advised Part B providers to approach their MACs for assistance

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## ✓ National/State Issues

### ✓ UnitedHealth Group – Change Healthcare Timeline

#### ✓ Timeline to Restore Change Healthcare Systems

- ✓ Assuming we continue at our current rate of progress, we expect our key system functionality to be restored and available on the following timelines:
- ✓ •Pharmacy services: Electronic prescribing is now fully functional with claim submission and payment transmission also available as of today. We have taken action to make sure patients can access their medicines in the meantime, including Optum Rx pharmacies sending members their medications based on the date needed.
- ✓ •Payment platform: Electronic payment functionality will be available for connection beginning March 15.
- ✓ •Medical claims: We expect to begin testing and reestablish connectivity to our claims network and software on March 18, restoring service through that week.

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✓ Polling Question #1

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**Which of the following is not part of the CMS Financial Flexibilities?**

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

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

- ✓ **Key Findings**

- ✓ Margins improved in January relative to previous years. While margins declined slightly from December, they were higher in January relative to the same periods in 2022 and 2021.
- ✓ Net revenue has not risen as fast as gross revenue. This might reflect payers negotiating more aggressively and a shift to value-based payment models.
- ✓ Total expenses on a volume-adjusted basis have improved. Though there's been continued growth in drugs and supply expenses, labor expenses have improved.
- ✓ CYTD Operating Margin – appears to be a data issue
- ✓ Monthly Operating Margin – 5.1% down from 5.5%



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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Safety Net Hospitals in Trouble**
  - ✓ **These Anchor Hospitals Must do the Following:**
    - ✓ Achieve efficiencies
    - ✓ Enlist capable partners
    - ✓ Scale up strategically
    - ✓ Create Centers of Excellence
    - ✓ Pursue additional funding
      - ✓ Pursue Business Support
      - ✓ Pursue Community Support
      - ✓ Pursue Governmental Support

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## ✓ Polling Question #2

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**Which of the following is a key finding for the February 2024 Kaufman Hall Hospital Flash Report?**

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part B Reimbursement**
- ✓ **Outpatient Building Increasing**
  - ✓ Providers are making big investments to quickly bulk up outpatient offerings as more patients seek less invasive and less time-consuming procedures closer to home. Payers are also on board with the shift to outpatient care which lowers costs.
  - ✓ Orthopedic, gastrointestinal, urologic, cardiac and ear, nose and throat procedures—once labeled "hospital-only" and sometimes requiring multiple-night stays—are increasingly being offered in ambulatory surgery centers, allowing patients to go home that day.
  - ✓ Health systems are investing hundreds of millions of dollars into new infrastructure to support higher-acuity care in the outpatient setting.
  - ✓ Health systems turn to joint ventures or partnerships with physicians and other healthcare companies to achieve more efficient operations and cut down on the cost of care.

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part B Reimbursement**
  - ✓ **Physicians and Noncompetes**
    - ✓ The American Medical Association estimates that between 35% and 45% of physicians in the U.S. are bound by noncompete clauses of some kind.
    - ✓ Noncompete clauses can prevent physicians who are trained in a certain specialty from practicing it again within a prescribed distance if they leave a hospital, which is where the detriment to rural care can increase.
    - ✓ The practice is one that the Federal Trade Commission has come after for all professions, including medicine, citing that the noncompete clauses reduce wages and harm competition.
    - ✓ While there is no set deadline for the FTC to make a decision on noncompete agreements, experts say it could come in April 2024

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## ✓ Polling Question #3

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**Which of the following is not a finding regarding physicians and noncompetes?**

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## ✓ Compliance

### ✓ OCR Investigating UnitedHealth

- ✓ The federal government has launched an investigation into UnitedHealth Group and its Change Healthcare subsidiary regarding the unprecedented cyberattack inflicted on the technology company.
- ✓ The agency is looking into whether protected health data was compromised and if UnitedHealth has complied with breach notification requirements and federal privacy and security rules.
- ✓ The investigation follows a White House meeting Tuesday with senior federal officials and representatives from insurance companies.



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## ✓ Payers

### ✓ MA Issues Not a Major Insurer Concern

- ✓ The Medicare Advantage business is very viable long-term because they're providing something that more and more Medicare beneficiaries are deciding they want.
- ✓ AM Best projects that health insurance company market capitalizations will rise this year even as profits from Medicare and Medicaid "return to more normal levels".
- ✓ Health insurance companies endured high medical costs in 2023. Medical loss ratios for UnitedHealth Group's UnitedHealthcare subsidiary, Humana and CVS Health subsidiary Aetna were up last year.
- ✓ UnitedHealth Group has grown beyond health insurance and can rely on other lucrative lines of business to offset underperformance in other areas.
- ✓ Fitch claims that its sort of a temporary hurdle to deal with and some companies will just be affected more by it than others.

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## ✓ Technology

- ✓ Change Healthcare Breach
  - ✓ Cybersecurity experts worry the Change Healthcare hack could have a similarly broad impact because of the massive amounts of patient data the company is responsible for.
  - ✓ The Optum subsidiary has been dealing with the issue since Feb. 21, reporting that it disconnected its systems so its partners, which include thousands of hospitals did not have to.
  - ✓ Some hospitals and retail pharmacies have had to process prescriptions manually, causing delays.
  - ✓ The incident appears to be a result of hackers exploiting vulnerabilities in the ConnectWise ScreenConnect remote IT platform then infecting Change's systems with LockBit malware. ConnectWise, however, did not confirm the report.

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## ✓ Polling Question #4

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**Which is a reason MA is not a major insurer concern?**

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