

Healthcare  
Current Events  
Forum

NJ HFMA  
Healthcare Current  
Events Forum (HCEF)  
March 2025

# NJ HFMA – Healthcare Current Events Forum

## Agenda

- ✓ **National/State Issues**
  - ✓ Healthcare Update (KPMG)
  - ✓ Federal Spending Bill Passed (MH)
  - ✓ Limit ACA Enroll Period (MH)
- ✓ **Part A**
  - ✓ Hospital Flash Report (Kaufman Hall)
  - ✓ Medicaid Cuts to Hospitals (MH)
- ✓ **Part B**
  - ✓ Physician Pay Cut Included in CR Bill (MGMA)
  - ✓ Pharma Raises Prices on 800 Drugs (BKS)
- ✓ **Payers**
  - ✓ United Health to cut Preauthorization's by 10% (BKS)
- ✓ **Compliance**
  - ✓ Stark Law Changes (BKS)
- ✓ **Technology**
  - ✓ Microsoft Cyber Program – Rural Hospitals (BKS)
- ✓ **Next monthly meeting**
  - ✓ Wednesday, April 16, 2025

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## ✓ National/State Issues

### ✓ KPMG Healthcare Regulation

- ✓ HHS is rolling back a 1971 policy that required the agency to undergo notice and comment rulemaking for issues pertaining to “agency management or personnel or to public property, loans, grants, benefits, or contracts.” Reports suggest that the policy change could apply to rules about NIH grants and the Medicaid program.
- ✓ CMS rescinded guidance on coverage for services that address health-related social needs in Medicaid and CHIP via Section 1115 waivers, opting instead to evaluate states’ applications for these services on a case-by-case basis.

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## ✓ National/State Issues

### ✓ KPMG Healthcare Law and Policy Update

- ✓ The Senate Finance Committee scheduled a confirmation hearing on March 14 for Dr. Mehmet Oz to serve as CMS Administrator.
- ✓ Growth in Medicare Advantage (MA) enrollment has slowed in 2025, compared to the same period in 2024, according to recently released data from CMS... While MA has experienced consistent year-over-year growth since 2007, expansion has been more modest in recent years as the MA penetration rate now exceeds 50% of Medicare beneficiaries.
- ✓ A federal judge issued a nationwide injunction pausing NIH funding cuts proposed by the Trump administration, which would stipulate a 15% cap on “indirect costs” for overhead and administrative expenses.
- ✓ Federal health officials are working to curb measles outbreaks in Texas and New Mexico, according to a new statement from the CDC. HHS said it continues to provide technical assistance, lab support, vaccines, and medication, as reports indicate that cases are growing.
- ✓ Bipartisan legislation introduced in the House of Representatives would modify provisions of the Inflation Reduction Act (IRA) to provide parity for the timing requirements under which small-molecule drugs and biological products are eligible for negotiation.

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## ✓ **National/State Issues**

### ✓ **Federal Spending Bill Passed**

- ✓ Congress completed work on a government funding bill Friday that modestly trims spending, gives President Donald Trump greater flexibility to cut programs and extends expiring healthcare priorities.
- ✓ The "continuing resolution," or CR, funds government operations through fiscal 2025, which ends Sept. 30, and extends and finances key healthcare programs for the same duration.
- ✓ Those include reauthorizing Medicare reimbursements for telehealth and hospital-at-home services, originally authorized during the COVID-19 pandemic; funding community health centers, the National Health Service Corps and the teaching health center graduate medical education program; delaying Medicaid disproportionate share hospital payment cuts for safety-net facilities; extending the Medicare low-volume hospital payment adjustment, the Medicare-dependent hospital program and add-on Medicare payments for ambulance services; and funding for state health insurance assistance programs.



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## ✓ **National/State Issues**

### ✓ **Limit ACA Enrollment Period**

- ✓ The Trump administration is proposing to limit the time frame for people to enroll in health insurance through Affordable Care Act exchanges.
- ✓ The annual deadline for people to enroll in health insurance plans is currently Jan. 15, but the Trump administration is proposing regulations that would shorten the enrollment window by a month, to close on Dec. 15 instead.
- ✓ The Centers for Medicare and Medicaid Services, which oversees the insurance marketplaces, will also propose canceling a monthly opportunity for people with incomes below 150% of the federal poverty line to enroll.
- ✓ A record 24 million people chose plans on the ACA marketplaces during the most recent open enrollment period, according to CMS. That's double the number of people enrolled at the start of Biden's presidency.

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✓ Polling Question #1

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**Which of the following is true about the recent spending bill that was passed?**

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Kaufman Hall March 2025 Hospital Flash Report (January 2025 Data)**
  - ✓ **Key Findings**
    - ✓ 1. Hospital performance remains stable at the start of 2025. This is due to a confluence of greater service volume and rising expenses.
    - ✓ 2. Expenses continue to be driven primarily by the cost of drugs. However, the rate of cost growth has slowed considerably.
    - ✓ 3. Inpatient revenue grew more quickly than outpatient revenue in January. More patients were treated in the hospital and emergency room
  - ✓ **Operating Margins (Without Corporate Allocations)**
    - ✓ CYTD – 5.1% Operating Margin January 2025
    - ✓ Monthly – 8.0% Operating Margin January 2025

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

### ✓ **Medicaid Cuts to Hospitals**

- ✓ Hospitals could lose billions of dollars in revenue if states roll back Medicaid expansions due to potential Medicaid cuts.
- ✓ Hospitals may lose \$32 billion in 2026 revenue if Medicaid expansion is curtailed, an analysis released Tuesday by the left-leaning think tank Urban Institute shows. Coverage losses could also increase providers' uncompensated care costs.
- ✓ The federal government pays 90% of the healthcare costs for Medicaid enrollees in states that expanded the program. Republicans proposed reducing that rate to as low as 50%, depending on the state.
- ✓ If the federal government pulls its funding and states that extended Medicaid coverage unwind their expansions, an estimated 11 million people would lose insurance coverage, according to the Urban Institute research brief,

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## ✓ Polling Question #2

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**Which of the following is not true about Medicaid cuts to hospitals?**

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part B Reimbursement**
  - ✓ **Physician Pay Cut Stays in CR**
    - ✓ The passage of the CR without a Medicare physician payment fix represents a massive congressional failure and blatant abdication of duty to our nation's physicians and their beneficiaries.
    - ✓ It is the inherently flawed Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) that has led to these five consecutive years of declining Medicare reimbursement.
    - ✓ To avoid this annual chaos, which increasingly threatens beneficiary access to care, Congress must realize permanent, sustainable solutions, such as implementing an annual, inflation-based physician payment update tied to the full Medicare Economic Index and modernizing Medicare's antiquated budget neutrality policies.

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

### ✓ **Pharma Raises Prices on 800 Drugs**

- ✓ 1. This modest price increase is a dip from last year's 4.5% rise, reflecting a cautious approach as drug companies may try to avoid criticism from President Donald Trump.
- ✓ 2. The analysis found that while most price increases remained under 10%, certain medications saw significant hikes. For example, Amgen raised the price of its psoriasis treatment, Otezla, by 7%, pushing its monthly cost to about \$5,325.
- ✓ 4. Although drugmakers argued the price hikes are necessary to fund the development of new drugs and cover rebates to pharmacy benefit managers, the higher list prices often lead to higher out-of-pocket costs for insured patients, such as larger deductibles or copays, according to the report.
- ✓ 5. Among the larger price hikes, Leadiant Biosciences raised the price of its Hodgkin lymphoma treatment, Matulane, by 15% while United Therapeutics increased the price of its pediatric cancer drug, Unituxin, by 9.9%, bringing the cost of a vial to \$19,047. Pfizer, the company with the most price increases, raised prices on more than 60 medications, including cancer drugs and the COVID-19 antiviral pill Paxlovid.



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## ✓ Polling Question #3

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**Which of the following is true about the proposed physician pay cut?**

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## ✓ Payers

### ✓ United to cut Preauthorization's

- ✓ UnitedHealthcare plans to cut prior authorization requirements by around 10% in 2025.
- ✓ The health insurer said it will eliminate prior authorizations for home health services managed by Optum Home & Community, formerly Navi Health. The changes, which take effect April 1, apply to Medicare Advantage and dual special needs plans in more than 30 states.
- ✓ In 2023, the company eliminated 20% of prior authorization requirements, and in 2024, the company introduced a gold card program, which allows some providers to skip prior authorization for certain services.
- ✓ The nH Predict tool is not used to make coverage decisions, an Optum spokesperson told Becker's in 2023. The tool is used as a guide to help us inform providers, families and other caregivers about what sort of assistance and care the patient may need both in the facility and after returning home.

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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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## ✓ **Compliance**

### ✓ **Stark Law Changes**

- ✓ Record-high number of qui tam lawsuits
- ✓ Chevron deference reversal could reshape Stark law interpretation
- ✓ Jarquesy v. SEC ruling may challenge Stark law penalties
- ✓ A new administration could ease enforcement
- ✓ New non-monetary compensation limits for 2025
- ✓ Value-based care poses compliance risks
- ✓ Private equity faces increased Stark law scrutiny
- ✓ ASCs face complex compliance challenges
- ✓ DOJ could be refocusing on Stark law enforcement
- ✓ DOJ could be refocusing on Stark law enforcement

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## ✓ Technology

- ✓ **Microsoft Cybersecurity Program for Rural Hospitals**
- ✓ A total of 550 rural hospitals have joined Microsoft's Cybersecurity for Rural Hospitals Program, an initiative designed to provide free and low-cost resources to strengthen their cybersecurity defenses.
- ✓ The Biden-Harris administration in 2024 secured commitments from Microsoft to support independent critical access hospitals and rural emergency hospitals with grants and discounts of up to 75% on security products.
- ✓ As part of the initiative, Microsoft also offered free cybersecurity assessments, training for frontline and IT staff and a year of complimentary Windows 10 security updates for larger rural hospitals using eligible Microsoft solutions.
- ✓ Microsoft said the program aims to address both the immediate cyber threats facing rural hospitals and the broader systemic challenges affecting cybersecurity in rural healthcare.



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## ✓ Polling Question #4

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**Which of the following is not true about the Microsoft Cybersecurity program for rural hospitals?**

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