

Healthcare
Current Events
Forum

NJ HFMA
Healthcare Current
Events Forum (HCEF)
March 2026

NJ HFMA – Healthcare Current Events Forum

Agenda

- ✓ **National/State Issues**
 - ✓ Healthcare Update (KPMG)
 - ✓ 340B Court Update (HFMA)
- ✓ **Part A - Hospital**
 - ✓ Hospital Flash Report (Kaufman Hall)
 - ✓ Hospital Prices (MH)
- ✓ **Part B – Outpatient**
 - ✓ NJ Provider Waivers Extended (Wilentz)
 - ✓ Provider Compensation and Productivity Trends (MGMA)
- ✓ **Artificial Intelligence**
 - ✓ AI and ROI (Beckers)
- ✓ **Next monthly meeting**
 - ✓ Wednesday, April 15, 2026

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✓ **National/State Issues**

✓ **KPMG Healthcare Regulation**

- ✓ The CMS Innovation Center intends to pursue more mandatory payment models to push a greater number of healthcare providers, especially lower-performing ones, into value-based care arrangements.
- ✓ FDA issued 30 warning letters to telehealth companies for making false or misleading claims about the compounded GLP-1 products they offer online. The alleged violations involved suggesting these non-approved drugs were the same as FDA-approved products.
- ✓ RecovryAI announced it received Breakthrough Device Designation for its Virtual Care Assistants, a prescription –prescribed generative AI chatbot designed to assist patients recovering from joint replacement surgery.

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✓ National/State Issues

✓ KPMG Healthcare Law and Policy Update

- ✓ Congressional Democrats requested that the Trump administration provide details on the GLOBE, GUARD, and GENEROUS drug pricing models proposed by the CMS Innovation Center, warning that separate "most favored nation" deals struck between the White House and 16 pharmaceutical companies could create loopholes exempting them from the new models.
- ✓ According to a KFF analysis, budget pressures are leading many states to restrict access to HIV medications provided through the Ryan White HIV/AIDS Program's AIDS Drug Assistance Programs (ADAPs) due to flat federal funding and rising enrollment.
- ✓ MedPAC presented early results of an analysis indicating that MA networks are generally stable with high provider participation, but they experience notable mid-year provider churn.
- ✓ CDC is deploying staff to South Carolina to help contain the country's largest measles outbreak in decades, which is approaching 1,000 cases. Despite a 70% increase in vaccination response in February that appears to be slowing infections.

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✓ National/State Issues

✓ 340B Court Decision

- ✓ Hospitals prevailed in litigation over a 340B mandate that has imposed additional administrative requirements in the program.
- ✓ A federal court ruled that the Health Resources and Services Administration (HRSA) lacked statutory authority to establish that off-campus hospital outpatient departments (HOPDs) are eligible for 340B prices only if they first appear on their parent health system's Medicare cost report and also register with HRSA's Office of Pharmacy Affairs Information System.
- ✓ Hospitals noted in court filings that the policy created delays of eight to 23 months before child sites (i.e., off-campus facilities) could access 340B pricing.
- ✓ The ruling technically vacates the Biden administration's 2023 guidance that reinstated pre-pandemic registration requirements. It was not immediately known whether the Trump administration would appeal after defending the guidance during the litigation.

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✓ Polling Question #1

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Which of the following is not true regarding a recent 340B court case?

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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

✓ Hospital Expense Increases

- ✓ American hospitals saw expenses grow 7.5% in 2025, more than twice the rate of growth in hospital prices that year, according to the American Hospital Association's annual "Costs of Caring" report.
- ✓ Hospital drug expenses increased 13.6% in 2025, with spending on medical supplies up 9.9%. Academic medical centers also saw drug costs jump by 21.6% in the same period.
- ✓ The AHA estimated that hospitals spent \$43 billion in 2025 by attempting to collect payments owed to them for providing care, including nearly \$18 billion on overturning denied claims.
- ✓ Inpatient volumes rose 5.3% in 2025 and outpatient visits climbed 9.8% year over year. The AHA reported that hospital case-mix index, which measures patient sickness, increased around 5% from 2019 to 2024.
- ✓ Medicare reimbursed hospitals just 83 cents on the dollar in 2024, which resulted⁹ in more than \$100 billion in underpayments.

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✓ Polling Question #2

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Which of the following is true about hospital expenses?

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

✓ **NJ Provider COVID-19 Waivers Extended by Governor Sherrill**

- ✓ The State of Emergency, previously set to expire at 5:00 p.m. on February 16, 2026, will now expire at 5:00 p.m. on April 2, 2026, and full compliance is required by such date.
- ✓ APNs must return to full compliance with the statutory requirements for practice, including maintaining a joint protocol with a collaborating physician for prescriptive authority.
- ✓ PAs must return to full compliance with the statutory requirements for practice, including maintaining a delegation agreement with a supervising physician.
- ✓ Providers practicing in New Jersey under a temporary or foreign license will need to transition to a full New Jersey license in order to continue practicing.
- ✓ The extension of the State of Emergency gives the New Jersey Legislature additional time to consider Senate Bill 2996, introduced on January 13, 2026 to expand the scope of practice for APNs, before the temporary supervision waivers expire. If passed, Senate Bill 2996 would allow certain experienced APNs to practice independently of a collaborating physician.

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

✓ **Provider Compensation and Productivity Trends**

- ✓ Primary care and surgical specialists in physician-owned practices were eclipsed by their counterparts in hospital-/system-owned practices in median work RVUs after years of private practices solidly outperforming on this measure of productivity.
- ✓ Guaranteed compensation for newly hired physicians out of residency and fellowship grew substantially in 2024, reflecting the increasingly competitive market for doctors.
- ✓ The prevalence of physician compensation plans based purely on salary and productivity/equal share continue to dwindle as quality metrics and other incentives figure heavily into the mix.
- ✓ Practices increasingly offer signing and starting bonuses, with increased willingness to extend them to APPs. Most now include full or prorated payback clauses on signing bonuses if providers don't join the practice.

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✓ Polling Question #3

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Which of the following is not true about the NJ Covid-19 provider waivers?

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✓ **Artificial Intelligence (AI)**

✓ **AI and Return on Investment (ROI)**

- ✓ Technology leaders are no longer evaluated primarily on uptime, cybersecurity or project delivery; they are increasingly expected to demonstrate how digital strategy contributes directly to enterprise value from workforce efficiency to growth, access and long-term scalability.
- ✓ Margins remain tight and capital constraints as executive teams face mounting pressure to show measurable returns from every major investment.
- ✓ Governance with clear decision structures help prevent duplicative investments, reduce vendor sprawl and accelerate enterprise adoption once a direction is set.
- ✓ In the ongoing quest to prove value, workforce impact is emerging as one of the most credible measures of digital ROI. As staffing shortages persist and burnout remains high, technology that returns time to clinicians or reduces cognitive load is increasingly viewed as a strategic asset.

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✓ Polling Question #4

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Which of the following is true about AI and the ROI concern?

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