

Healthcare  
Current Events  
Forum

NJ HFMA  
Healthcare Current  
Events Forum (HCEF)  
May 2026

# NJ HFMA – Healthcare Current Events Forum

## Agenda

- ✓ **National/State Issues**
  - ✓ Healthcare Update (KPMG)
  - ✓ NJ ABC Contractor Law (BE)
  - ✓ U.S. Dental Deserts (Becker)
- ✓ **Part A - Hospital**
  - ✓ Hospital Flash Report (Kaufman Hall)
  - ✓ Patient Revenue Percent for Hospitals (HFMA)
  - ✓ Safety Net Hospitals (Beckers)
- ✓ **Part B – Outpatient**
  - ✓ Physician Burnout Reduced (AMA)
  - ✓ Status of Independent Physician Practices (Beckers)
- ✓ **Artificial Intelligence**
  - ✓ AI Investment Lessons (Beckers)
- ✓ **Next monthly meeting**
  - ✓ TBD

# NJ HFMA – HCEF

## ✓ National/State Issues

### ✓ KPMG Healthcare Regulation

- ✓ FDA announced two actions to advance real-time clinical trials: launching two proof-of-concept studies that transmit data in real time, and issuing a Request for Information on a pilot program set to begin later this year. The initiative aims to reduce inefficiencies and delays in early-phase trials by enabling continuous data monitoring and faster regulatory decision-making.
- ✓ CMS released the Home and Community-Based Services (HCBS) Quality Measure Set, a standardized set of Medicaid measures intended to help states compare quality data and improve outcomes. The proposal would require states to report on 23 mandatory measures and 2 additional voluntary measures.
- ✓ Federal funds can no longer be used to purchase drug test strips that detect substances like fentanyl and xylazine, according to updated SAMHSA guidance. The change aligns with an executive order shifting funding away from harm-reduction programs, which the administration argues enable illegal drug use, despite opposition from public health advocates.

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## ✓ **National/State Issues**

### ✓ **KPMG Healthcare Law and Policy Update**

- ✓ Cigna will exit the ACA individual Marketplaces in 2027, citing limited growth potential and a desire to shift focus toward its Evernorth specialty and care services division, pharmacy benefits division, and flagship employer plan business. The move follows declining ACA enrollment tied to expiring subsidies and broader industry pullbacks primarily due to increasing costs and a sicker risk pool.
- ✓ Major insurers, led by AHIP and the Blue Cross Blue Shield Association, are implementing a standardized electronic prior authorization process for commonly reviewed services such as orthopedic procedures and imaging across commercial, MA, and Medicaid plans. The effort, part of a broader industry commitment involving about 50 insurers, aims to reduce administrative burden, improve transparency, and expand standardization through 2027.

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## ✓ National/State Issues

### ✓ NJ ABC Contractor Law

#### ✓ ABCs

✓ To classify a worker as an independent contractor, employers must still satisfy all three prongs:

✓ • (A) demonstrating freedom from control

✓ • (B) work performed outside the usual course or place of business, and

✓ • (C) engagement in an independently established business

✓ The regulation is expected to be published June 1. It will take effect Oct. 1, following a 120-day phase-in period.

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## ✓ **National/State Issues**

### ✓ **U.S. Dental Desserts**

- ✓ For millions of Americans living in rural communities, getting specialized dental care can mean driving an hour, or more, just to sit in the dental chair.
- ✓ The findings, recently published in the Journal of Dental Research and SSM Population Health, reveal growing geographic divides in access to dental specialists and workforce trends shaping rural shortages.
- ✓ Across multiple national studies, HSDM researchers found that 24.7 million people live in dental care shortage areas and that 49.3 million U.S. adults lack public transit access to a dental clinic.
- ✓ The studies also found that access to specialty care is even more uneven: more than 98 percent of dental specialists practice in urban areas, leaving many rural communities with limited or no nearby specialty services.

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✓ Polling Question #1

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**Which of the following KPMG regulation updates are true?**

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

### ✓ Kaufman Hall May 2026 Hospital Flash Report (March 2026 Data)

#### ✓ Key Findings

- ✓ 1. March was the best month for hospitals in 2026 so far, despite mixed volumes. Month-over-month discharges rose while patient days fell, indicating increased focus on improving average length of stay and a continued shift to outpatient care.
- ✓ 2. Operating margins improved month-over-month but remain below 2025. While bad debt and charity care declined month-over-month, gross revenue continues to outpace net, highlighting eroding payor mix.
- ✓ 3. Expenses declined in March yet remain elevated year-over-year. Favorable improvements across the board are likely correlated to the decrease in average length of stay. However, drug expenses remain a primary driver of expense growth year-to-date.
- ✓ 4. Two notable outliers emerged in otherwise steady regional trends. The Northeast saw margin improvement, despite historical underperformance, while the West experienced the most dramatic increase in drug expense.

#### ✓ Operating Margins (Without Corporate Allocations)

- ✓ CYTD – 5.3% Operating Median Margin March 2026
- ✓ Monthly – 6.5% Operating Median Margin March 2026

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

### ✓ **Patient Revenue Percent for Hospitals**

- ✓ Hospitals derive only about one-third of revenue from patient care as low public payer rates and other factors have driven them to find other income sources, according to a new analysis.
- ✓ Net patient revenue was a median of 29.9% of gross revenue across nonfederal short-term acute care hospitals in 2024, according to an analysis by Trilliant Health.
- ✓ Net patient revenue as a percentage of gross revenue ranged from 8.3% to 86.6% across hospitals. It averaged 34.0%. It averaged 28.8% for for-profit hospitals and 49.3% for faith-based nonprofit health systems.
- ✓ Nonpatient-care revenue, those can include market investments, state and federal grants, philanthropy and state loans or real estate income. Nonpatient-care revenue sources that have taken on larger roles in recent years include medical device sales, pharmacy operations, infusion services and the 340B program.

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

## ✓ Safety Net Hospitals

✓ Our key findings include:

- ✓ • 446 hospitals are at heightened risk of closing or reducing services due to Medicaid cuts.
- ✓ • These hospitals collectively have approximately 69,000 beds and served approximately 6.6 million patients in 2024. They employ approximately 275,000 direct patient care workers.
- ✓ • The communities served by these hospitals have a larger share of Black and Hispanic residents, as well as people living below the poverty line, compared to other hospitals. Nearly 20% of the at-risk hospitals (85) serve high-poverty areas.
- ✓ • 267 (60%) of the at-risk hospitals serve urban areas, and 176 (39%) are rural hospitals.
- ✓ • House Republicans who voted for Medicaid cuts have 196 at-risk hospitals in their districts collectively, and Senate Republicans (all of whom voted for Medicaid cuts) collectively have 146 at-risk hospitals in their states. Republicans also represent several of the congressional districts with the highest number of at-risk hospitals.

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## ✓ Polling Question #2

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**Which of the following Safety Net hospital findings is not true?**

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

### ✓ Physician Burnout Reduced

- ✓ New data from the American Medical Association (AMA) show physician burnout continuing to decline nationwide, but significant differences across medical specialties underscore the need for more targeted solutions within health systems.
- ✓ In 2025, 41.9% of physicians reported experiencing at least one symptom of burnout—down from 43.2% in 2024 and 48.2% in 2023—reflecting steady progress in physician well-being also found in peer-reviewed research.
- ✓ According to AMA data, the highest burnout rates were reported in emergency medicine (49.8%), urological surgery (49.5%), hematology/oncology (49.3%), obstetrics and gynecology (45.7%), radiology (45.2%), family medicine (45%), general surgery (43.8%), cardiology (43.5%) and gastroenterology (43.5%).
- ✓ In contrast, infectious diseases (23.3%), nephrology (29.3%), dermatology (31.5%), psychiatry (31.6%), and anesthesiology (39.2%) reported the lowest levels.

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

### ✓ **Status of Independent Physician Practices**

- ✓ Between 2019 and 2023, the share of independent physician practices owned by hospitals, health systems or other corporate entities jumped from 39% to 59%. Over the same period, physician employment by these entities rose from 62% to 78%, according to a December 2025 report from the Progressive Policy Institute.
- ✓ In 2024, just 42% of physicians worked in private practice, down from 60% in 2012. Nearly half (47%) were employed by or affiliated with hospitals, according to a Government Accountability Office report.
- ✓ Corporate entities, including insurers and private equity firms, employed 23% of physicians in 2024, up from 15% in 2019, according to the GAO report. Private equity-owned practices now account for 6.5% of physicians and control more than 30% of physicians in specialties such as gastroenterology, dermatology and ophthalmology.
- ✓ Next step may be regional physician super group development and physicians working in physician-led practices show higher signs of job satisfaction compared with their peers in health systems or corporate practices. Consulting firm Bain & Co. in October 2024, revealing that those in physician-led models, 81% said they were satisfied with their involvement in strategic decision-making, compared to just 50% in hospital-led practices.

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## ✓ Polling Question #3

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**Which of the following is true about physician reduced burnout per the AMA?**

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## ✓ Artificial Intelligence (AI)

### ✓ AI Investment Lessons

- ✓ Many healthcare organizations used various AI tools and ended up with a surplus of redundant — or ineffective — solutions. But they discovered key insights that they've applied to later AI investments.
- ✓ Health systems should start with the operational need and outcome it wants before looking at any AI solution, gathering clinical input and establishing governance early, not after the fact. The organization tracks success post-go-live with the same rigor it used to research the application.
- ✓ Senior leaders must set clear priorities and measures of success, engaging clinicians early to design the application to fit into their daily work.
- ✓ The biggest lesson is that AI in healthcare can't be funded on hope. Every initiative needs a defined ROI, whether that's measurable time returned to clinicians or a direct financial impact.

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## ✓ Polling Question #4

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**Which of the following is not true about AI investment?**

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