

Healthcare
Current Events
Forum

NJ HFMA
Healthcare Current
Events Forum (HCEF)
November 2024

NJ HFMA – Healthcare Current Events Forum

Agenda

- ✓ **National/State Issues**
 - ✓ KPMG Healthcare Update
 - ✓ Medicaid Spending 2025
 - ✓ Healthcare Warning Signs
- ✓ **Part A**
 - ✓ Kaufman Hall Hospital Flash Report
 - ✓ Hospital Outpatient Get 2.9% Increase
- ✓ **Part B**
 - ✓ Kaufman Hall Physician Flash Report
 - ✓ Physicians get 2.83% Reduction 2025
- ✓ **Payers**
 - ✓ New Star Ratings
- ✓ **Compliance**
 - ✓ Social Engineering Hacks
- ✓ **Technology**
 - ✓ AI Practice Use
- ✓ **Next monthly meeting**
 - ✓ Wednesday, December 18, 2024

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✓ **National/State Issues**

✓ **KPMG Healthcare Regulation**

- ✓ CMS finalized three annual payment rules for physicians (-2.83%), hospital outpatient (2.9%) and ambulatory surgical centers (2.9%), and home healthcare (2.7%)
- ✓ HHS OIG found Medicare Advantage plans received an additional \$7.5B in risk-adjusted payments from CMS by leveraging home visits and medical chart reviews to diagnose patients with conditions that do not exist, a practice known as upcoding.
- ✓ The Medicare Shared Savings Program (MSSP) generated \$2.1B in savings for the Medicare program in 2023, and ACOs within the program earned \$3.1B

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✓ National/State Issues

✓ KPMG Healthcare Law and Policy Update

- ✓ Sen. Elizabeth Warren (D-Mass) urged the FTC to evaluate drug wholesalers McKesson and Cardinal Health's acquisitions of oncology practices, adding to the growing trend of vertically integrated healthcare entities.
- ✓ According to KFF, Medicaid enrollment is expected to decline by 4% in FY 2025 while state Medicaid spending is projected to increase by 7%
- ✓ According to a KFF report, average annual premiums for employer-sponsored family plans rose 7% to \$25K

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✓ National/State Issues

✓ Medicaid Spending 2025

✓ Five Highlights from Medicaid Directors:

- ✓ Most states boosted fee-for-service Medicaid payments in fiscal 2024 and most are planning a second round during the fiscal year that started Oct. 1, especially for primary care, home- and community-based services, nursing homes, and behavioral health.
- ✓ About two-thirds of states that contract with health insurance companies to administer Medicaid have requested that the Centers for Medicare and Medicaid amend capitation rates for fiscal 2025 to manage worsening acuity among beneficiaries.
- ✓ State Medicaid spending is expected to rise by 7% in fiscal 2025, but state budgets are stable overall in the near term.
- ✓ Most states plan to continue expanding coverage of mental health and substance use disorder treatments, doula services, and GLP-1s.
- ✓ Numerous states have accepted CMS' offer to implement initiatives that address social determinants of health and health disparities, especially for maternal health and racial and ethnic health disparities

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- ✓ **National/State Issues**

- ✓ **Healthcare's Warning Signs**

- ✓ Aging patients. The leading edge of the baby boom generation (born 1946-1964), estimated to number about 70 million in 2023, will reach 80 in just two years, at which point the youngest will be 62.^b Nearly all adults in the 65-plus age group have at least one chronic condition
- ✓ Rising costs. Healthcare utilization and spending rises with age; for example, physician office visit rates for those 65 and older are more than twice the average for all age groups
- ✓ Aging providers. The healthcare workforce is itself aging; as of 2021, nearly half of active U.S. physicians were age 55 and older. The corps of U.S. clinicians in primary care is already ⁶ “insufficient to meet the demands,” and threatens to get worse.

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✓ Polling Question #1

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Which of the following describe recent healthcare regulations?

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Kaufman Hall November 2024 Hospital Flash Report (September 2024 Data)**
 - ✓ **Key Findings**
 - ✓ 1. September data show relative stability. Though most indicators are down this month, performance remained relatively stable overall.
 - ✓ 2. Inpatient revenue and average length of stay increased. This indicates that hospitals are treating more high-acuity patients, which results in a decline in volume and an increase in expenses.
 - ✓ 3. Expenses, except for labor, are still high compared to 2021-2023. Contract labor rates and utilization have decreased, but the overall labor market is still tight.
 - ✓ **Operating Margins**
 - ✓ CYTD – 4.3% Operating Margin September 2024
 - ✓ Monthly – 3.5% Operating Margin September 2024

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
 - ✓ **Hospital Outpatient and Hospital ASCs Get 2.9% Increase**
 - ✓ The hospital outpatient payment update reflects a 3.4% hospital market basket increase offset by a -0.5% productivity adjustment.
 - ✓ Hospitals must also meet new quality standards for obstetrical care to qualify for Medicare reimbursement under the regulation.
 - ✓ Under the final rule, CMS created a per diem pay method for psychiatric care delivered at hospital outpatient departments and community mental health centers.
 - ✓ The rule also boosts payments for non-opioid pain relief next year, as required by Consolidated Appropriations Act of 2023.

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✓ Polling Question #2

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Which of the following is not true about the Hospital Outpatient and ASC 2.9% Increase Regulation?

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

✓ Kaufman Hall Physician Flash Report Quarter 3 2024

- ✓ 1. Investment/subsidy per physician topped \$300,000 in Q3 for the first time. The increase underscores the unsustainable nature of traditional employment models.
- ✓ 2. Labor expenses remain elevated. The total direct expense per provider FTE rose 5% from Q3 2023 to reach \$640,062.
- ✓ 3. Physician and provider productivity continues to increase. Physician productivity, as measured by unit of work (wRVUs) per FTE rose 6% from Q3 2023.
- ✓ Investment/Subsidy per Provider \$234,907 5% Increase from Q3 2023
- ✓ Investment/Subsidy per Physician \$304,312 5% Increase from Q3 2023
- ✓ APP Percent of Total Provider FTE 38.5% 1.3% Increase from Q3 2023

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

✓ **Physicians Get 2.83% Conversion Rate Reduction 2025**

- ✓ CMS published the Medicare Physician Fee Schedule final rule Friday, which retains the payment reduction the agency proposed in July.
- ✓ Physicians also seek a permanent replacement for the Merit-based Incentive Payment System.
- ✓ This is the fifth consecutive annual reduction to the "conversion factor" that sets the fees Medicare pays doctors.
- ✓ The conversion factor has to be recalculated annually based on the previous year's conversion factor, then adjusted to keep it budget-neutral.

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✓ Polling Question #3

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Which of the following is a result of the Q3 2024 Physician Flash Report?

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✓ Payers

✓ New Star Ratings (MA)

- ✓ The Centers for Medicare and Medicaid Services has toughened the standards for insurers to win high quality scores after the agency relaxed the rules during the COVID-19 pandemic.
- ✓ For 2025, only seven Medicare Advantage with prescription drug coverage contracts earned five-star ratings, the agency announced last month. That's drastically down from 38 contracts in 2024, 57 in 2023 and 74 in 2022.
- ✓ The average star rating for 2025 is 3.92 compared with 4.07 this year. Medicare Advantage contracts rated four or higher earn 5% quality bonus payments
- ✓ Smaller bonus payments have led insurers to make cutbacks to benefits and to exit from unfavorable geographic markets

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✓ **Compliance**

✓ **Social Engineering Hacks**

- ✓ Social engineering attackers attempt to manipulate their targets by using an ever-evolving arsenal of technology and deceit. Such attacks can take many forms including emails, texts, calls, or even videos that appear to be from trusted individuals, companies, or institutions.
- ✓ Phishing is one of the most frequent social engineering attacks. A phishing attack attempts to trick individuals into providing sensitive information electronically.
- ✓ Smishing is a form of social engineering that uses Short Message Service (SMS) messaging (i.e., text messages) to trick someone into downloading malicious software or clicking on a link to a malicious website
- ✓ Baiting involves physically leaving something laying around, such as a storage device in a common area like a lobby or parking lot. This form of baiting seeks to exploit someone's curiosity.

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✓ Technology

✓ AI Medical Practice Use – Do Not Use Off Label

- ✓ A recent Associated Press investigation may help explain that reticence: Reporters found in “interviews with more than a dozen software engineers, developers and academic researchers” that OpenAI’s automatic speech recognition system Whisper “is prone to making up chunks of text or even entire sentences”.
- ✓ The Associated Press report suggests that the problem may be caused by off-label use of the technology: that is, “a rush by medical centers to utilize Whisper-based tools to transcribe patients’ consultations with doctors, despite OpenAI’s warnings that the tool should not be used in ‘high-risk domains.’
- ✓ AI vendors are carefully threading the needle between administrative and clinical applications. They’re positioning their tools firmly in the administrative space.
- ✓ The AI vendor has access to your data, which will almost certainly include protected health information (PHI) under HIPAA, necessitating a HIPAA-compliant business associate (BA) agreement, and how the vendor can use that data, even when deidentified, for its own model-training purposes.

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✓ Polling Question #4

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Which of the following is not true regarding using AI currently in a practice setting?

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