



NJ HFMA
Healthcare Current
Events Forum (HCEF)-
September 2024

Healthcare Current Events Forum

Agenda

- ✓ **National/State Issues**
 - ✓ KPMG Healthcare Update
 - ✓ CMS Negotiates with Drug Companies
 - ✓ Chevron's Decision Impact on Healthcare
- ✓ **Part A**
 - ✓ Kaufman Hall Hospital Flash Report
 - ✓ Medicare Hospital Increase 2025
- ✓ **Part B**
 - ✓ FTC Noncompete Stopped Federal Judge
 - ✓ Impact of Mergers on Physicians
- ✓ **Payers**
 - ✓ Payer Rules by Fed
- ✓ **Technology**
 - ✓ Cybersecurity Overview
- ✓ **Next monthly meeting**
 - ✓ Wednesday, October 16, 2024

NJ HFMA – HCEF

✓ **National/State Issues**

✓ **KPMG Healthcare Regulation**

- ✓ The Departments of Labor, HHS and the Treasury finalized Mental Health Parity Rules that strengthen requirements for commercial health plans to cover mental health and substance use disorder care at the same level as benefits for physical health
- ✓ HHS published the 2024 Public Health Service (PHS) Policies on Research Misconduct Final Rule, clarifying the responsibilities of HHS personnel and PHS funded organizations in upholding research ethics and integrity
- ✓ CMS released a request for information, seeking input on extending Medicare Administrative Contractor (MAC) contracts to a duration of 10 years and consolidating four MAC jurisdictions into two.
- ✓ The FDA will commission a review on materials used in tampons after a published research study found evidence of toxic metals, such as arsenic and lead, in over a dozen tampon brands.

NJ HFMA – HCEF

✓ National/State Issues

✓ KPMG Healthcare Law and Policy Update

- ✓ According to a recently released Census Bureau report, 8.0% of the US population was uninsured in 2023, unchanged from 2022, assuaging fears that the uninsured rate would increase with the resumption of Medicaid redeterminations early last year.
- ✓ The GAO published a report examining behavioral health services finding beneficiaries in traditional Medicare typically pay deductibles and co-insurance, while those in Medicare Advantage tend to have co-payments; most MA plans also require prior authorizations for behavioral health services.
- ✓ The CDC identified a man in Missouri as the first American infected with H5N1 without knowingly being exposed to an infected animal; the government nevertheless has started stockpiling vaccines against this latest strain of bird flu.
- ✓ The California legislature passed SB1120, requiring state health plans and health insurers to comply with new guardrails around the use of artificial intelligence (AI)

NJ HFMA – HCEF

✓ National/State Issues

✓ Chevron Decision and Impact on Healthcare

✓ Prospect for chaos

✓ Stakeholders such as hospitals that disagree with CMS's application of the market basket in annually determining Medicare payments would have a better chance at winning a lawsuit over that issue.

✓ Consequences may not be drastic

✓ In a Bloomberg Law analysis published in May, attorneys with Ropes & Gray explained that the impact of a Chevron ruling could be restricted because decisions at the appellate level and Supreme Court have been deemphasizing the doctrine in recent years.

✓ What should change

✓ Legal experts say Congress will need to get more prescriptive in the statutes it authors to avoid having a raft of future regulations end up in the courts.

NJ HFMA – HCEF

- ✓ **National/State Issues**

- ✓ **CMS Negotiates with Payers**

- ✓ Biden-Harris Administration announced that it has reached agreement for new, lower prices for all 10 drugs selected for negotiations.
 - ✓ These negotiated drugs are some of the most expensive and most frequently dispensed drugs in the Medicare program and are used to treat conditions such as heart disease, diabetes, and cancer.
 - ✓ The new prices will go into effect for people with Medicare Part D prescription drug coverage beginning January 1, 2026.
 - ✓ These negotiated prices range from 38 to 79 percent discounts off of list prices. About nine million people with Medicare use at least one of the 10 drugs selected for negotiation. People with Medicare prescription drug coverage are expected to see aggregated estimated savings of \$1.5 billion in their personal out-of-pocket costs in 2026.

NJ HFMA – HCEF

✓ Polling Question #1

To Join the Poll – [Slido.com](https://www.slido.com)

Participant #5412943

Password – oamccn

Click on Poll on Top

slido

Please download and install the Slido app on all computers you use



Which of the following is true about the Chevron decision on healthcare?

① Start presenting to display the poll results on this slide.

NJ HFMA – HCEF

- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Kaufman Hall September 2024 Hospital Flash Report (July 2024 Data)**
 - ✓ **Key Findings**
 - ✓ 1. Hospital finances continue to stabilize with strong operating margins. Key indicators including outpatient revenue and average lengths of stay show continued improvement.
 - ✓ 2. Decreases in average lengths of stay have also led to declines in expenses.
 - ✓ 3. Overall hospital performance has been strong in 2024. In comparison, the performance of health systems has been trending lower than hospital performance.
 - ✓ **Operating Margins**
 - ✓ **CYTD – 4.1% Operating Margin July 2024**
 - ✓ **Monthly – 3.8% Operating Margin July 2024**

NJ HFMA – HCEF

- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
 - ✓ **Medicare Hospital Increase 2025**
 - ✓ Medicare reimbursements for inpatient hospital care will increase 2.9% in fiscal 2025 under a final rule the Centers for Medicare and Medicaid Services.
 - ✓ The Inpatient Prospective Payment System update for the fiscal year that begins Oct. 1 is the difference between a 3.4% market basket increase and a negative 0.5 percentage point productivity adjustment.
 - ✓ CMS estimates that Medicare disproportionate share hospital payments will decline \$200 million in fiscal 2025.
 - ✓ The final rule boosts graduate medical education funding by \$74 million to support 200 additional residency positions from 2026 through 2036.

NJ HFMA – HCEF

✓ Polling Question #2

To Join the Poll – [Slido.com](https://www.slido.com)

Participant #5412943

Password – oamccn

Click on Poll on Top

slido

Please download and install the Slido app on all computers you use



Which of the following is true about the 2025 Medicare Hospital increase regulation?

① Start presenting to display the poll results on this slide.

NJ HFMA – HCEF

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

✓ **FTC Noncompete Stopped by Federal Judge**

- ✓ The Federal Trade Commission does not have authority to enact its ban on noncompete agreements, a federal judge ruled.
- ✓ The FTC, which argued noncompete agreements unfairly block workers from switching jobs, proposed the ban in January 2023 and finalized the rule this April.
- ✓ FTC spokesperson Victoria Graham said Tuesday the commission is "seriously considering" an appeal. The most recent decision does not keep the agency from addressing noncompete agreements on a case-by-case basis.
- ✓ The ban fits into the FTC's broader strategy to crack down on what it deems to be anticompetitive activity in healthcare and other industries.

NJ HFMA – HCEF

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

✓ **Impact of Mergers on Physicians**

✓ **Physician Autonomy**

- ✓ The longevity of independent physicians and the state of physician autonomy hangs in uncertainty amid the growing consolidation in healthcare.

✓ **Quality and Cost Care for Patients**

- ✓ Substantial evidence indicates that consolidation has led to higher prices in healthcare, according to 2020 data published by KFF. The data show that price hikes are strongest for hospitals.

✓ **Impact on Physician Practices**

- ✓ Independent physician practice groups have not been spared by the consolidation rush. Private equity acquisitions of physician groups increased by more than 600% from 2012 to 2021.

NJ HFMA – HCEF

✓ Polling Question #3

To Join the Poll – [Slido.com](https://www.slido.com)

Participant #5412943

Password – oamccn

Click on Poll on Top

slido

Please download and install the Slido app on all computers you use



Which of the following is not true about the FTC Noncompete ruling?

① Start presenting to display the poll results on this slide.

NJ HFMA – HCEF

✓ Payers

✓ Payer Rules Issued by the Fed

- ✓ Health insurance companies will have to upgrade their mental health benefits to match the coverage they offer for other care under a final rule three federal departments issued Monday as follows:
 - ✓ Must evaluate their plans to ensure that mental health is covered the same as other forms of healthcare, and to update their benefits if not.
 - ✓ May not impose utilization management tools such as prior authorizations and step therapy on mental healthcare that exceed requirements for other forms of care and must report how these "nonquantitative treatment limitations" affect access.
 - ✓ Must include more behavioral health providers in networks.
 - ✓ May not assess higher out-of-network cost-sharing requirements on mental health services.

NJ HFMA – HCEF

✓ Technology

✓ The Cost of Cyber Attacks

- ✓ Organizations can suffer from data breaches, ransomware attacks, and distributed denial-of-service (DDoS) attacks. These incidents can inflict a wide range of financial and non-financial costs on organizations:
 - ✓ Direct financial costs include expenses incurred to respond to the attack, such as forensic investigations, data recovery, legal fees, and regulatory fines.
 - ✓ Lost business cyberattacks disrupt operations and lead to lost sales and productivity.
 - ✓ Reputational damage occurs when data breaches and other cyber incidents erode consumer trust, damaging a company's reputation and future earnings.
 - ✓ Increased cybersecurity spending is when a business invests in additional security measures and insurance coverage after a cyberattack.
 - ✓ Such attacks can cost millions of dollars and damage an organization's reputation for years to come.

NJ HFMA – HCEF

✓ Polling Question #4

To Join the Poll – [Slido.com](https://www.slido.com)

Participant #5412943

Password – oamccn

Click on Poll on Top

slido

Please download and install the Slido app on all computers you use



Which of the following is true about payer rules for the fed?

① Start presenting to display the poll results on this slide.

Healthcare
Current Events
Forum

MJM Advisory and
Educational Services

CEO and Founder

Michael McLafferty CPA, MBA,
FACMPE, FACHE, FHFMA

michael@mjmaes.com

<https://mjmaes.com>

Cell 732-598-8858