

Healthcare
Current Events
Forum

NJ HFMA
Healthcare Current
Events Forum (HCEF)
September 2025

NJ HFMA – Healthcare Current Events Forum

Agenda

- ✓ **National/State Issues**
 - ✓ Healthcare Update (KPMG)
 - ✓ OBBB Healthcare Impact (Various Sources)
- ✓ **Part A**
 - ✓ Hospital Flash Report (Kaufman Hall)
 - ✓ Return to Core Competencies (MH)
- ✓ **Part B**
 - ✓ Risk Adjustment for VBC (MH)
 - ✓ Stark Law VBC Update (AHL)
- ✓ **Payers**
 - ✓ Prior Authorization Six Reforms (AMA)
- ✓ **Compliance**
 - ✓ Typical HIPAA Issues (HC)
- ✓ **Technology**
 - ✓ AI's Current Impact in Healthcare Services (Various Sources)
- ✓ **Next monthly meeting**
 - ✓ Wednesday, October 15, 2025

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✓ **National/State Issues**

✓ **KPMG Healthcare Regulation**

- ✓ FDA approved updated COVID-19 vaccines for 2025-2026, but the authorization is limited to adults aged 65 and older and high-risk younger individuals.
- ✓ HHS plans to intensify enforcement against healthcare entities that engage in information blocking, a practice that restricts patient access to their electronic health information.
- ✓ CMS provided additional information about the Rural Health Transformation Program, emphasizing strategic goals to enhance access, quality, and sustainability of care in rural communities.
- ✓ FDA will now release Complete Response Letters (CRLs) in real time, publishing them promptly after issuance to drug developers and making all related letters for approved applications available publicly.

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✓ National/State Issues

✓ KPMG Healthcare Law and Policy Update

- ✓ The Florida Surgeon General Joseph Ladapo announced plans to eliminate all vaccine mandates in the state, including those for schoolchildren, making Florida the first state to seek complete repeal of immunization requirements. The repeal process will likely require legislative action and face potential legal challenges.
- ✓ According to CMS, Medicare Shared Savings Program Accountable Care Organizations (ACOs) generated a record \$2.4B in net savings for Medicare in 2024, with 75% of participating ACOs earning performance payments for meeting financial and quality benchmarks.
- ✓ A federal appeals court ruled that Oregon's Prescription Drug Price Transparency Act is constitutional, rejecting claims from the pharmaceutical industry that the law violates free speech.
- ✓ According to a Health Affairs study, dispute resolutions under the No Surprises Act (NSA) have driven \$5B in costs, with most disputes resolved in favor of providers over insurers, leading to higher payments than expected.

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✓ **National/State Issues**

✓ **OBBB Healthcare Impact**

- ✓ Medicaid Work Requirement - Most able-bodied adults in Medicaid will be required to do 80 hours/month of work, volunteering or school (NASP)
- ✓ More Frequent Eligibility Requirement - States must review eligibility more often -- e.g. checking every six months instead of annually for expansion populations. (Bloomberg)
- ✓ Tighter Eligibility for Immigrants - Some categories of immigrants who were eligible for ACA premium tax credits or Medicaid under previous rules will be excluded or delayed. (King and Spalding)
- ✓ Cuts and/or Reductions in Federal Spending - Over \$1 trillion in cuts to health programs over 10 years via multiple mechanisms: reducing provider taxes, reducing funding match, limiting certain⁵ payments, etc. (KFF)

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- ✓ **National/State Issues**
 - ✓ **OBBB Healthcare Impact**
 - ✓ Reduction of ACA Premium Tax Credits - The law allows enhanced subsidies (that reduce premiums for ACA marketplace plans) to expire at end of the current year. (Center for American Progress)
 - ✓ Medicare Changes – Some protections or cost reforms for low-income Medicare enrollees are being rolled back or limited; also changes to what qualifies for protections. (King and Spalding)
 - ✓ Defunding or Limiting Certain Providers/Services - E.g., restrictions on Planned Parenthood providers receiving Medicaid funds under certain conditions; limiting what non-citizen immigrants can access. (League of Women Voters)

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✓ Polling Question #1

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Which of the following is true regarding the OBBB?

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- ✓ **The Centers for Medicare and Medicaid Services (CMS) – Part A Reimbursement**
- ✓ **Kaufman Hall September 2025 Hospital Flash Report (July 2025 Data)**
 - ✓ **Key Findings**
 - ✓ 1. Patient volumes and revenues are trending upward. However, bad debt and charity care continue to be elevated.
 - ✓ 2. Expense growth is outpacing revenue growth. Non-labor expenses continue to put pressure on hospitals.
 - ✓ 3. Margins have improved over prior years, though there has been some softening in recent months. Given an uncertain future outlook, many hospitals are taking steps to build long term resiliency.
 - ✓ **Operating Margins (Without Corporate Allocations)**
 - ✓ **CYTD – 5.3% Operating Margin July 2025**
 - ✓ **Monthly – 6.2% Operating Margin July 2025**

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

✓ Hospitals Return to Core Competencies

- ✓ Health systems are ending strategic partnerships and refocusing on core operations as they brace for a potentially tumultuous financial future.
- ✓ Health systems are doubling down on their core services to make sure they are delivering services to the community as efficiently as possible
- ✓ The uncertain economic environment is a key driver in a hospital's search for new partners, a hospital spokesperson said in a statement. Healthcare has changed significantly over the past decade as care has shifted to lower-cost, community-based, outpatient settings.
- ✓ Partnerships can strain resources and increase expenses. Well-managed affiliations take a lot of energy, clearly defined roles, comprehensive long-term planning and effective communication.
- ✓ More services have moved from hospitals to outpatient facilities and the home. Technology and electronic health records have advanced. The Medicare population¹⁹ has boomed. Health systems have expanded through mergers and acquisitions.

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✓ Polling Question #2

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Which of the following are reasons hospitals are returning to core competencies?

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

✓ Risk Adjustment Process for Value Based Care (VBC) - Recommendations

- ✓ Synchronize cross-departmental efforts. RA requires collaboration among various departments — including IT, coding, data analytics, compliance, training, and quality — where each understands its role within the process and recognizes its counterparts' contributions for success.
- ✓ Acknowledge the integral role of the revenue cycle. The revenue cycle plays a central role in the RA framework, serving as the conduit through which all critical information flows to payers thereby enabling the organization to receive its entitled reimbursement.
- ✓ Implement systems to support accurate provider documentation. Fundamentally, RA programs should be focused on promoting precise and comprehensive provider documentation, without which accurate payment is elusive.
- ✓ Use leading indicators to drive performance. Relying on lag indicators to measure performance is like driving while only looking in the rearview mirror; you only see where you've been, not where you're going. By contrast, leading indicators are like headlights illuminating the path ahead and enabling real-time adjustments.

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

✓ **Stark Law VBC Adjustments – Provide Compensation Flexibility**

- ✓ 1. Coordinating and managing the care of a target patient population
- ✓ 2. Improving the quality of care for the target patient population
- ✓ 3. Reducing costs to, or growing expenditures of, payers without reducing the quality of care
- ✓ 4. Transitioning from healthcare delivery and payment mechanisms based on volume of items and services provided to mechanisms based on the quality of care and cost control
- ✓ The exceptions don't require setting compensation in advance, consistency with fair market value or determined in a way that doesn't take the volume or value of physician referrals into account.

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✓ Polling Question #3

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Which of the following is not true about VBC risk adjustment (RA) process recommendations?

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✓ Payers

✓ Prior Authorization Six Reforms

- ✓ • Standardizing electronic prior authorization, with a target date of Jan. 1, 2027, for full implementation that would expand the scope of a Biden administration final rule.
- ✓ • Reducing the scope of claims subject to prior authorization, thus eliminating the process for common procedures such as colonoscopies and cataract surgery, with approaches tailored to local markets and demonstrated progress seen by Jan. 1, 2026.
- ✓ • Ensuring continuity of care when patients change plans, meaning no new prior authorizations for benefit-equivalent, in-network services during a 90-day care transition period, starting Jan. 1, 2026.
- ✓ • Enhancing communication and transparency on determinations, meaning clear, easy-to-understand explanations, plus support for appeals and guidance on next steps, starting Jan. 1, 2026, for fully insured and commercial coverage, along with a regulatory push to expand the policy to other programs.
- ✓ • Expanding real-time responses, with an applicable target rate of 80% of electronic prior authorization approvals by 2027 and elimination of paper forms and faxes.
- ✓ • Ensuring medical review of non-approved requests, essentially affirming a standard that health plans say already is in place.

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✓ Compliance

✓ Typical HIPAA Violations – Per the Office of Civil Rights (OCR)

- ✓ • Impermissible uses and disclosures of protected health information;
- ✓ • Lack of safeguards of protected health information;
- ✓ • Lack of patient access to their protected health information;
- ✓ • Lack of administrative safeguards of electronic protected health information;
- ✓ • Use or disclosure of more than the minimum necessary protected health information.
- ✓ Top three covered entities with issues: general hospitals, physician practices and pharmacies

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✓ Technology

✓ Current Uses of AI in Healthcare

- ✓ Clinical applications: Diagnostics & Imaging, Predictive Analytics, Personalized Medicine
- ✓ Operational and Administrative Uses: Revenue Cycle Management (RCM), Clinical Documentation & Coding, Scheduling & Staffing
- ✓ Patient Facing AI: Chatbots & Virtual Assistants, Remote Patient Monitoring (RPM), Mental Health AI
- ✓ Challenges and Risks: • Bias & Equity: AI can reproduce racial or gender bias if trained on non-representative data.
 - ✓ • Black Box Concerns: Lack of explainability makes clinical trust difficult.
 - ✓ • Regulatory Uncertainty: FDA/ONC still finalizing rules on Software-as-a-Medical-Device (SaMD), clinical decision support (CDS), and AI transparency.
 - ✓ • Data Privacy & Security: AI needs large data sets; HIPAA-compliance, breaches, and informed consent are all concerns.

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✓ Polling Question #4

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Which of the following is not true of the six prior authorization reforms?

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