

TALKING POINTS

AHA's Support of the Health Reform Bill

As of March 22, 2010

How We Got To The Decision

- The AHA made the decision to support the bill passed March 21 by the House after extensive consultation with our state, regional and metropolitan association partners, regional policy boards, constituency section governing councils, Advisory Committee on Health Reform, and the AHA Board of Trustees. In the past few weeks, we've convened open-line calls with AHA members so that we had a chance to hear directly from the field on the key provisions that were likely to be included in the final legislation.
- For years, America's hospitals have worked hard to make significantly expanded coverage for all a reality. Providing coverage to 32 million additional people moves us in the direction of ensuring coverage for all. This is an historic achievement that will make a real difference in the lives of millions of Americans.
- The bill passed yesterday includes many provisions that reflect the AHA's Health for Life framework which the hospital field embraced as our vision for reform.

What The Bill Does

- This bill includes the following provisions:
 - Expands coverage to 32 million people through a combination of private and public sector insurance expansions.
 - ✓ Includes Medicaid expansion to single childless adults for the first time nationwide.
 - ✓ Creates a new "marketplace" through state-based exchanges for the purpose of purchasing affordable coverage. Subsidies are provided for those with limited means.
 - Puts in place important insurance reforms that will go a long way toward ensuring people can access coverage. Reforms include:
 - ✓ No lifetime limits on coverage.
 - ✓ No exclusions based on pre-existing conditions.
 - ✓ No discrimination based on health status.
 - ✓ No annual limits and coverage of preventive services.
 - ✓ No cancellation of insurance coverage when someone becomes sick.

- Simplifies administrative requirements to cut down on the red tape that is choking today's health care system.
- Includes delivery system reforms that hold great promise for improving care. They include:
 - ✓ Allowing hospitals to play a leadership role in forming accountable care organizations (ACO).
 - ✓ Pilot programs and demonstration programs for bundling services.
 - ✓ Creation of medical homes.
 - ✓ Extension of demonstration projects for gain-sharing.
 - ✓ Creation of a CMS Center for Innovation to test other models for reforming the delivery system.
 - ✓ Establishment of a hospital value-based purchasing program in a manner consistent with AHA principles.
 - ✓ Payment adjustments that address geographic variation without being used as a tool for cutting hospital payments.
 - ✓ Allowing the HHS Secretary to waive regulatory barriers to clinical integration and delivery reform efforts under the ACO and demonstration projects, including the Center.
- Eliminates self-referral for new physician-owned hospitals and limits the growth of existing ones that are grandfathered.
- Extends important Medicare provisions such as:
 - ✓ Section 508 reclassifications.
 - ✓ Rural community hospital demo program.
 - ✓ Ability for independent labs to bill Medicare directly for the technical component of pathology services.
 - ✓ The outpatient hold harmless provision for small hospitals and certain Sole Community Hospitals under 100 beds.
- Makes important rural payment improvements such as:
 - ✓ The low volume adjustment.
 - ✓ Critical access hospitals payment improvements to provide 101 percent of costs for all outpatient services they provide, regardless of the billing method elected.
 - ✓ Reasonable cost reimbursements for lab services in small rural hospitals.
 - ✓ MedPAC report on payment adequacy for rural providers.
- Expands the existing 340b drug program to children's hospitals, cancer hospitals, critical access hospitals, sole community hospitals and rural referral centers for outpatient drugs.
- Addresses the issue of health care disparities by:
 - ✓ Elevating the issue of health care disparities in HHS and embedding attention to the issue throughout HHS initiatives, especially quality improvement.

- ✓ Allowing health plans participating in the exchange to offer incentive payments to providers for the implementation of activities to reduce health and health care disparities.
- Extends MMSEA protections for long-term care hospitals for two additional years.
- Increases state Medicaid payment rates for primary care physicians to Medicare payment levels in 2013 and 2014, and provides the full funding to states to do so.
- Establishes a Medicaid demonstration project to help expand the number of emergency inpatient psychiatric care beds available in communities.
- Creates a public-private institute and establishes continued funding for comparative effectiveness research.
- Takes significant steps to shift focus toward prevention and wellness by:
 - ✓ Providing Medicare beneficiaries with annual wellness visits and access to evidence based preventive services with zero cost sharing.
 - ✓ Creating a \$12.9 billion prevention and public health fund, a new public health council, an education/outreach campaign and various initiatives to create healthier communities.
- Creates a national health care workforce commission and provides funding to increase the supply of health care workers.
- Redistributes 65 percent of unused residency slots as a way to encourage increased training of primary care physicians and general surgeons.

What We Avoided

- This bill DOES NOT include the following:
 - A new public option for insurance.
 - A requirement that private insurance plans participating in the health insurance exchanges pay providers Medicare or Medicaid rates.
 - Cuts to indirect medical education.
- The bill also:
 - Prevents all PPS hospitals from being under the jurisdiction of the Independent Payment Advisory Board.
 - Prevents reductions in hospital payments in delivery system reforms such as value-based purchasing and bundling.

- Prevents the imposition of a percentage charity care requirement for tax-exempt hospitals.
- Lowers the disproportionate share hospital cuts of \$106 billion originally proposed by President Obama.
- Reduces the overall hospital cuts of \$228 billion proposed by President Obama in his 2009 budget.

Next Steps

- Does the bill include everything we want? No. No stakeholder-- and no legislator--got everything they wanted. The bill is not perfect, but it expands coverage to 32 million people, enacts significant insurance market reforms and lays a solid foundation upon which we can continue to build. The alternative? An immediate focus exclusively on deficit reduction and budget cutting (like BBA II) with no significant coverage expansions.
- We expect to continue to work with the Administration, Congress and all stakeholders to make the necessary refinements that will be inevitable given the scope of any reform of this magnitude. Among the first priorities will be addressing problems in the readmissions policy and exempting critical access hospitals from IPAB. We also hope that meaningful liability reform will be addressed in the future.

Beyond Health Reform

- Beyond health reform, the AHA is focused on helping hospitals better serve their communities. We have a full 2010 agenda. Among our most immediate priorities are:
 - Extend Medicaid FMAP to give states much-needed relief.
 - Improve the CMS' health IT rules.
 - Fix the Medicare physician payment issue.