



FEDERAL UPDATE: Regulators Eye Changes to Traditional Hospital Funding Programs

Changes in the federal program that helps fund the training of new doctors –the graduate medical education (GME) program - is once again the target of the Medicare Payment Advisory Commission (MedPac). This influential advisory board is recommending that Medicare payments to hospitals for GME should be decoupled from the inpatient fee-for-service method currently in place. Fee-for-service is a reimbursement design that is slowly giving way to payment for services and conditions based on value, bundling, and similar payment structures. Regulators reason that GME funding should mirror this payment trend. Hospitals maintain that academic medical centers, the training ground for new physicians, treat the more complicated and costly Medicare cases, and they are worried that this broader approach to payment for services will fall short. The House Ways and Means Subcommittee on Health will hold a hearing in the fall to explore possible changes to the program.

MedPac is also recommending changes to the hospital disproportionate share (DSH) payment program. This is the reimbursement stream that helps offset some of the added expense incurred by hospitals that treat a large portion of uninsured and indigent patients. Finally, site-neutral payment policies are another recommendation of the commission. Site-neutral payment policies would underfund hospital-based clinics, because physician-based services in these settings are more expensive to provide due to the extensive overhead and operating costs associated with hospitals. However, Medicare patients, many of whom suffer from multiple and complex conditions, benefit from care rendered in such a comprehensive setting. Additionally, in many communities hospital-based clinics are the only way to access physician services.

STATE UPDATE: Post Session Bill Activity and Updates

Hundreds of healthcare-related bills were proposed during the most recent legislative session. Highlights of those signed by the governor include:

Immunizer Expansion and Reform – makes permanent a pharmacist’s authority to administer the more common vaccinations, such as flu, and allows nurse practitioners to administer the whooping cough and shingles vaccine without patient-specific orders.

Wage and Theft Annual Notice Repeal – immediately repeals the annual notice requirement pertaining to all employers, including hospitals, the mandate to provide an annual written notice about wage information to each employee.

Telehealth – a chapter amendment makes effective January 1, 2016 the provision that Medicaid and private insurers cover services provided through telehealth, when these services are routinely covered in other settings and clarified that telehealth includes both store-and-forward technology and remote patient monitoring.

Bills awaiting delivery to the governor include: **Direct Care Worker Protection** – classifies assault as a class D felony and now applies to all hospital employees responsible for direct patient care and who suffer physical harm; **Care Act** – patient-identified aftercare givers are included in discharge planning process and instructed on how to provide care needs; **Sepsis Data Collection** – requires initial phase of data collection to be considered a pilot to ensure accuracy before making available to the public.

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