American Hospital Association

Special Bulletin

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House Ways and Means Committee Leaders Unveil 'Hospital Bill'

Bill includes many important provisions that would affect hospitals

Leaders of the House Ways and Means Committee today unveiled the Helping Hospitals Improve Patient Care Act of 2016 (H.R. 5273), a sweeping bill containing numerous provisions affecting hospitals. The committee could markup the bill as soon as next week. AHA staff are reviewing the bill. Initial hospital-related highlights are outlined below:

- **Changes to the Bipartisan Budget Act of 2015:** The bill would make the following adjustments to Section 603 of the law to extend flexibility to hospital outpatient departments (HOPD) in development at the time of enactment:
    - For purposes of items and services furnished in 2017, providers that attested that they were an HOPD by Dec. 2, 2015 would be fully grandfathered, even if they were not billing Medicare before Nov. 2, 2015, the date of enactment.
    - For purposes of items and services furnished in 2018 and beyond, providers that attest by July 1, 2016, include the HOPD on their enrollment form, and had a binding written agreement (signed by CEO or CFO) for construction in place before Nov. 2, 2015 would be grandfathered, but not until 2018. They would be paid Physician Fee Schedule rates for 2017.
    - The Secretary of Health and Human Services (HHS) would audit these providers for compliance.
    - $10 million would be transferred from the Medicare Trust Fund to take care of the expenses the Centers for Medicare & Medicaid Services (CMS) incurs.

- **Changes to the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015:** The bill would implement a cut of 0.041 percent in 2018 to offset the changes to Section 603 of the Bipartisan Budget Act of 2015 outlined above – the MACRA 0.5 percent increase would instead be 0.459 percent.

- **Hospital Readmissions Reduction Program (HRRP):** The legislation includes a modified version of the Establishing Beneficiary Equity in the Hospital Readmission Program Act of 2015 (H.R.1343), which would make an adjustment to the HRRP to account for the socioeconomic status of the patients in a hospital's community. CMS initially would be required to make the adjustment using the proportion of patients dually eligible for Medicare and Medicaid that the hospital serves. After completion of the reports required by the Improving Medicare Post-Acute Care Transformation Act of 2014, CMS may use those findings to modify its risk-adjustment approach to ensure hospitals serving a greater number of low-income individuals will not be unfairly penalized under the HRRP. Also, The Medicare Payment Advisory Commission would be required to conduct a study of the impact of readmission changes on emergency department and observation status usage.

- **Rural Community Hospital (RCH) Demonstration Program:** The bill would extend the RCH Demonstration Program for five years, which would allow hospitals with fewer than 51 acute care beds to test the feasibility of cost-based reimbursement. The RCH Demonstration was established under the Medicare Prescription Drug, Improvement and Modernization Act and further extended and expanded in 2010 under the Affordable Care Act. The legislation requires a report to Congress evaluating the impact of the demonstration be submitted no later than Aug. 1, 2018.

- **Changes to the Long-term Care Hospital (LTCH) Technical Correction Act of 2015:** The bill includes provisions included in H.R. 2580 to establish a technical correction to the current LTCH moratorium to allow certain moratorium exceptions for existing LTCHs. These changes would be offset with a reduction in the LTCH outlier payments.

- **Inpatient/Outpatient Code Crosswalk:** Based on legislation introduced by Speaker Paul Ryan (H.R. 3291), the bill directs CMS to study and report on how inpatient payment codes relate to outpatient payment codes for similar services and to study a crosswalk between the two coding systems for some codes. The study would make no payment changes.

- **Ambulatory Surgery Centers (ASCs):** The bill includes language that would exempt ASCs from penalties in the electronic health records meaningful use program. This language previously was included in a standalone measure (H.R. 887).

- **Dedicated Cancer Centers:** These centers would receive an exemption from the site-neutral payment changes in Section 603 of the Bipartisan Budget Act of 2015. Dedicated Cancer Centers that submit attestations to CMS within the timeframes described in the bill would be able to bill at the HOPD rate for new

off-campus HOPDs. The HHS Secretary would audit these providers for compliance. $2 million would be transferred from the Medicare Trust Fund to take care of the expenses CMS incurs. To offset the cost of the exemption, Dedicated Cancer Centers would take an equal payment reduction to the formula of their target payment-to-cost ratio payment adjustment under the outpatient prospective payment system. This reduction shall only apply to Dedicated Cancer Centers.

- **Medicare Advantage (MA):** The legislation incorporates language from two MA bills previously considered by the Ways and Means Committee and a section that updates information in the Welcome to Medicare Package. First, the Seniors' Health Care Plan Protection Act of 2015 (H.R. 2506) would delay CMS's authority to terminate MA plans on the basis of low quality star ratings until the end of plan year 2018, allowing time for CMS to resolve issues related to socioeconomic status. Second, the Medicare Advantage Coverage Transparency Act of 2015 (H.R. 2505) would require annual reporting of enrollment data in MA plans. The bill also would require CMS to solicit recommendations from stakeholders on what information should be provided in the Welcome to Medicare Package and then update the package with clear and simple language.