LHA Update HFMA Annual Conference May 2, 2022



Louisiana Hospital Association Overview

Established in 1926, the LHA is a not-for-profit association representing more than 150 hospitals and healthcare systems of all types throughout the state. Our mission is to support members through advocacy, education, and services.



Primary Roles:

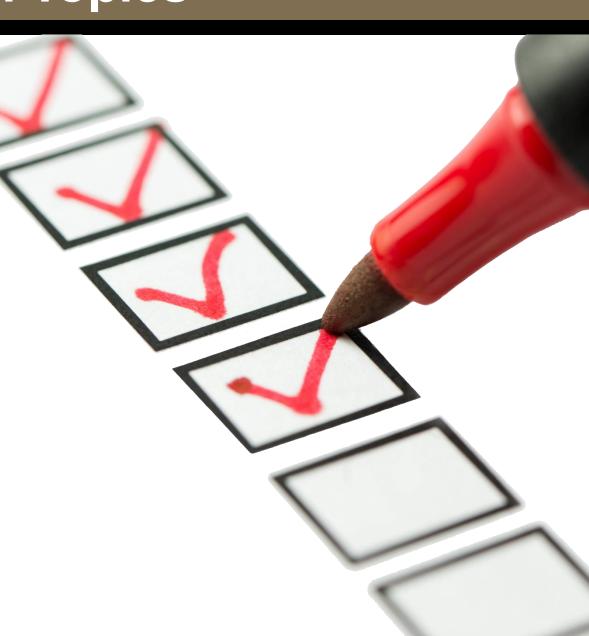
- Representation and Advocacy
- Public Policy Leadership
- Education and Training
- Quality and Patient Safety
- Services and Information

- Relationships and Convener
- Influence and Reputation
- Coordination with Regional and National Associations

Presentation Topics

1) 2022 Legislative Session

- 2) Medicaid Update
- 3) Federal Update
- 4) Questions



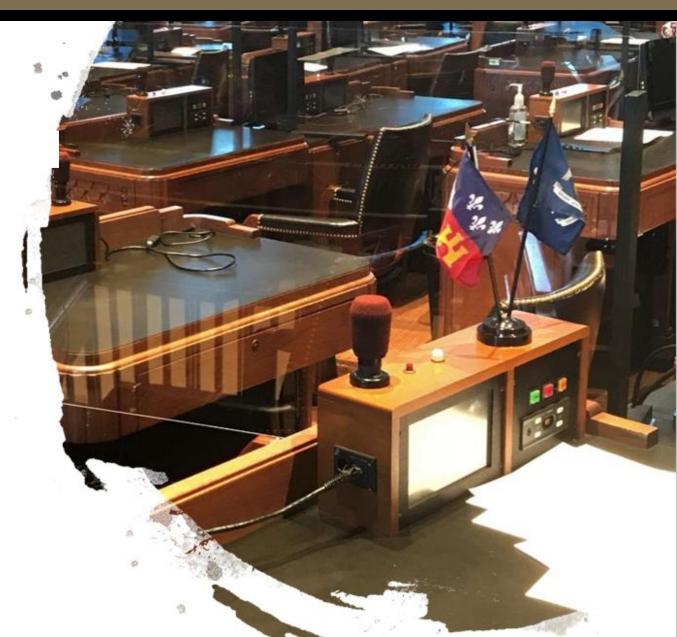
2022 Legislative Session



2022 Legislative Outlook

2022 Regular Session:

- Non-Fiscal Session: no fiscal matter bills; unlimited general matters bills can be pre-filed;
 5 late-filed bill limit for general matters
- Convened March 14; Adjourns June 6
- 1,061 House bills and 496
 Senate bills filed



Executive Budget Highlights

\$2.83B in One-Time/Current Year Funding

- American Rescue Plan \$1.4B
- FY21 Surplus \$700M
- FY22 Projected Excess \$853M
- Executive Budget FY 2022-2023
 - HB 1 moved out of the House last week and now heads to Senate Finance.



Physician Gold Card

- "Gold Card" Program: Removes prior-authorization roadblocks required by health plans when a provider can meet certain conditions.
 - SB 112 by Sen. Robert Mills (R-Minden): Physicians can earn a continuous gold card by earning approvals on at least 80% of their preauthorizations on a given service over a six-month period.
 - Legislation modeled after Texas legislation enacted last year
 - Bill is pending Senate Insurance Committee scheduling



Special Reports > Exclusives

Could Texas Law on Limiting Prior Authorization Delays Move the Needle Nationwide?

— "Gold card" law is first step in helping physicians with burdensome process

by Jennifer Henderson, Enterprise & Investigative Writer, MedPage Today September 21, 2021

Coordination of Benefits



- HB 339 by Rep. Jean-Paul Coussan (R-Lafayette) would prohibit a health plan from pending, delaying, or denying payment to a healthcare provider for rendered healthcare services solely on the basis of the insured's failure to provide the health insurance issuer notice of the existence of an additional plan or lack thereof.
- HB 339 was passed by the House last week (103-0) and now heads to the Senate Insurance Committee.

Medicaid Prepayment Review



- SB 59 by Sen. Fred Mills (R-Parks) and Rep. Larry Bagley (R-Stonewall) would limit the application of prepayment review by Medicaid managed care plans.
- Prepayment review would only be allowed when ordered directly by LDH pursuant to the Medical Assistance Program Integrity Law (MAPIL).
- SB 59 passed the Senate and awaits scheduling in the House Health & Welfare Committee.

Medicaid - Credentialing



- Credentialing continues to be a significant source of administrative burden in the Medicaid program.
- HB 286 by Rep. Chris Turner (R-Ruston) would exempt healthcare professionals who maintain hospital privileges or membership on a hospital medical staff from Medicaid managed care plan credentialing requirements.
- HB 286 passed the House and awaits scheduling by the Senate Health & Welfare Committee.

Medicaid Landscape



Current Medicaid Environment

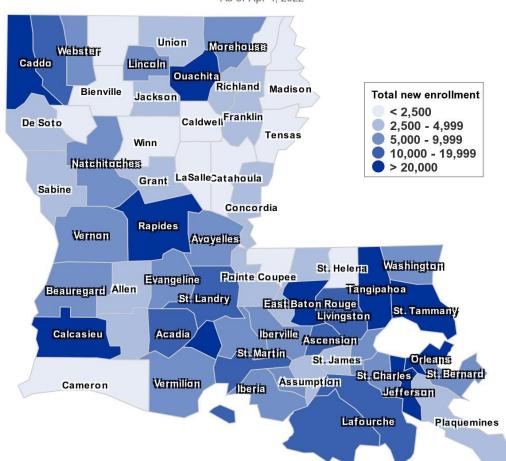
Medicaid Enrollment:

- Louisiana Medicaid Enrollment ≈ 1.95M
 - For Context: LA Population ≈ 4.6M
- Medicaid MCO Enrollment ≈ 1.79M
- Medicaid Expansion ≈ 727K of Medicaid Population Covered through Expansion

Sources: LDH Enrollment Trends Report, March 2022; July 2021 U.S. Census Population Estimate for LA; Managed Care Enrollment by Plan & Parish Report Mar. 2022; and LDH Healthy Louisiana Dashboard

Expansion Enrollment by Parish

As of Apr 4, 2022

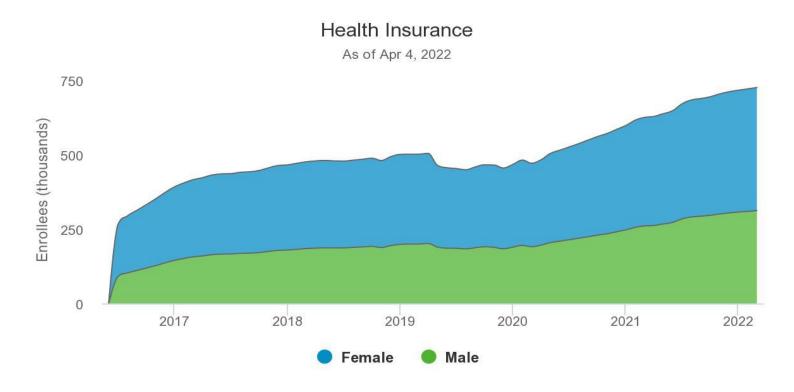


Current Medicaid Environment

Medicaid Expansion:

 Medicaid Expansion ≈ 727K of Medicaid Population Covered Through Expansion

Sources: LDH Healthy Louisiana Dashboard



Medicaid Managed Care RFP

- June 23, 2021: LDH issued its MCO RFP for the contract period beginning July 2022.
- **Feb. 11, 2022:** LDH announced its intent to award contracts to 5 of the 6 respondents.
- Feb. 25, 2022: Award protest filed.
- April 22, 2022: Office of State
 Procurement remanded back to LDH for scoring reevaluation.



LDH Directed Payment Initiative

During the last year, LDH has been working through a variety of mechanics to make changes to Medicaid supplemental payments.

- As presently proposed:
 - Would replace FMP and most of DSH with 438.6 Directed Payments
 - 5 hospital tiers with 4 base provider types and 4 add-on service categories
 - Type: Teaching, Urban Public, Rural, Other Urban
 - Add-On Services: NICU, PICU, DPP, Trauma
 - Quarterly directed payments reflective of tier and estimated utilization based on prior history reconciled to actual utilization after sufficient claims run-out has occurred.

LDH Directed Payment Initiative



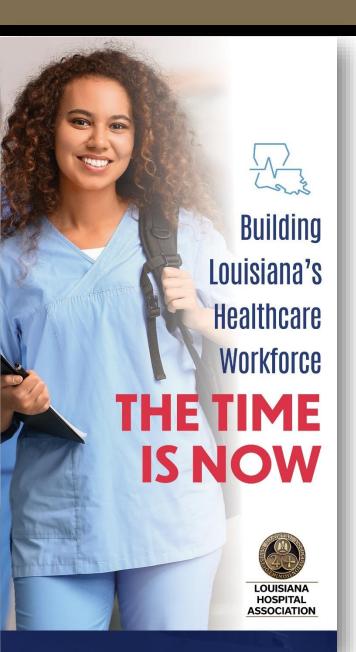
- LDH continues to work with industry and the legislature to solicit feedback and work through modeling.
- There are additional legislative and regulatory steps that the state will have to undertake prior to implementation.
 - Preprint submission to CMS
 - Assessment resolution
- Estimated implementation, at present, would be July 1, 2022.

Medicaid Provider Enrollment

Deadline Approaching

- To comply with federally-mandated enrollment requirements, all providers that deliver services to Louisiana Medicaid members must be enrolled by March 31, 2022 June 30, 2022 through the <u>Louisiana Medicaid Provider Enrollment Portal</u> to continue being reimbursed.
 - This requirement applies to <u>all</u> Medicaid providers.
 - Visit the <u>Medicaid Provider Enrollment Portal webpage</u> for additional details, FAQs, and resources about enrollment.
 - Any existing Medicaid provider that does not complete the enrollment and screening process through the new portal within the established timelines will have their claims denied.

Healthcare Workforce

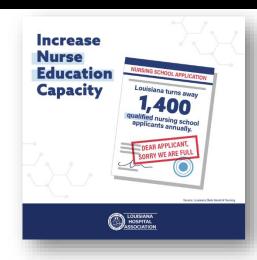


Policy Goal:

 Support efforts to address healthcare workforce shortages



- Maintain/increase \$3.5M funding in Regents' Budget
- Goal to increase funding for SFY 22/23 HERO Fund
- Identify pathways to increase industry collaborations with nursing and allied health teaching programs



Federal Update



Regulatory Activity



Federal Fiscal Year 2022 Rulemaking Season:

- Inpatient/LTCH PPS Proposed Rule
- Inpatient Psych PPS Proposed Rule
- Inpatient Rehab PPS Proposed Rule

FFY2023 Medicare IPPS Proposed Rule

- State-level analysis in development but contains a proposed increase of Medicare IPPS rates by 3.2%
- Utilizes FFYs 2018 and 2019 S-10 data for FFY 2023 DSH distribution
 - Would also use a 3-year average of S-10 data for FFY 2024 and beyond.
- Reduces DSH payments by roughly \$800M due partially to uninsured population decrease
- Cuts outlier payments by 1.8 percentage points
- Ends MDH and low-volume programs (expiring 9/30/22 by law)
- Permanently applies a 5% cap on any decrease in hospitals' area wage index

FFY2023 Medicare IPPS Proposed Rule

- Implements changes to full-time equivalent caps in GME
- Suppresses measures in HAC Reduction and most in VBP, resulting in neutral payment adjustments.
- Adds 10 new measures to the IQR program
- Other topics of interest
 - Health equity proposals
 - RFIs on measurement policy topics, maternal health, climate change and health equity, and N95 respirator payment adjustments

FFY2023 Medicare LTCH Proposed Rule

LTCH Proposed Rule

- State-level analysis in development, but the rule includes a net proposed increase
- Resumes the use of most recently-available claims and cost report data, with some modifications to account for the PHE.
- Adjusts wage index and relative weight
- RFIs on C.difficile outcomes and strategies to better measure equity and quality disparities.
- CMS will accept comments on this rule through June 17.

FFY2023 Medicare IPF Proposed Rule

Inpatient Psychiatric Facility Proposed Rule

- Approximate 3% aggregate increase for the state
- Wage index budget neutrality factors/adjustments
- CMS will accept comments on this rule through May 31.

FFY2023 Medicare IRF Proposed Rule

Inpatient Rehab Facility Proposed Rule

- Approximate 3% aggregate increase for the state
- Wage index adjustments
- Other policy adjustments around displaced medical residents, health disparities, and transfers
- CMS will accept comments on this rule through May 31.

Other Federal Activity

No Surprises Act

- Federal agencies recently opened the federal Independent Dispute Resolution Portal as authorized by the Act.
- Also opened the Patient-Provider Dispute Resolution Process and released updated guidance
- Litigation remains active around the promulgated rules.
 - A judge recently ruled in favor of the Texas Medical Association's lawsuit.
 - The AHA/AMA lawsuit remains pending in U.S. District Court.

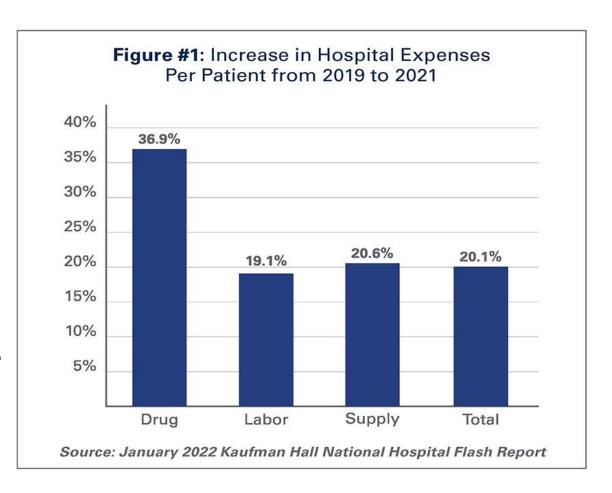
Recent AHA Study

Hospital Expense Increase Study

- The AHA, working with data from Kaufman Hall, Syntellis
 Performance Solutions, and other sources, recently published a
 report that highlights growth in expenses and inflation.
- This growth continues to present financial challenges to hospitals and health systems.
- The report is available on the AHA <u>website</u>.
- Some key metrics are presented over the next few slides.

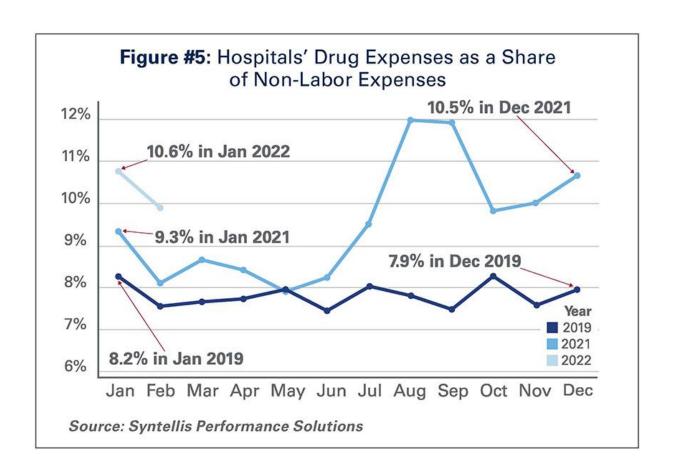
AHA Study: Hospital Expenses Per Patient

By the end of 2021, total hospital expenses were up 11% compared to pre-pandemic levels in 2019. Even after accounting for changes in volume that occurred during the pandemic, hospital expenses per patient increased significantly from pre-pandemic levels across every category.



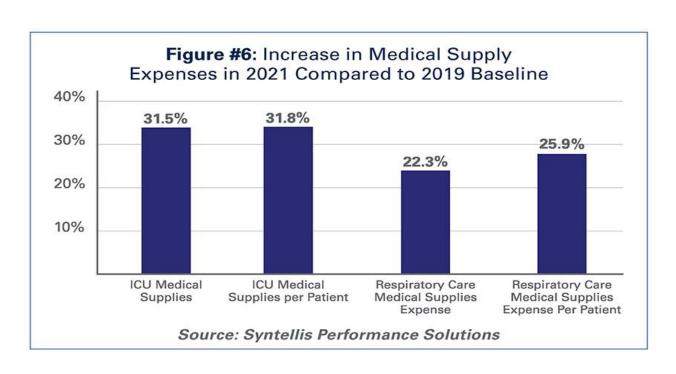
AHA Study: Drug Expense

By the end of 2021, total drug expenses were 28.2% higher than pre-pandemic levels. When taken as a share of all non-labor expenses, drug expenses have grown from approximately 8.2% in January 2019, to 9.3% in January 2021, and to 10.6% in January 2022.



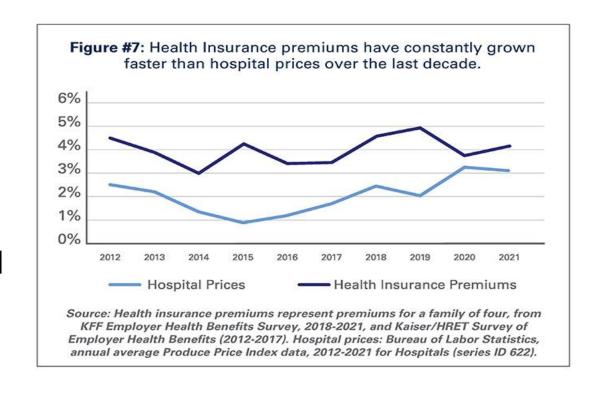
AHA Study: Medical Supply Expenses

Compared to 2019 levels, supply expenses for hospitals were up 15.9% through the end of 2021. When focusing on hospital departments involved most directly in care for COVID-19 patients - primarily hospital ICUs and respiratory care departments - the increase in expenses is significantly higher.



AHA Study: Medical Supply Expenses

According to BLS data, hospital prices have grown an average 2.1% per year over the last decade, and in the 12 months ending in February 2022, hospital prices increased 2.1%. In fact, even when excluding the artificially low rates paid to hospitals by Medicare and Medicaid, average annual price growth has still been below 3% in recent years.



Questions



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The mission of the LHA is to support its members through advocacy, education, and services.

