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What We're Watching in 2025

Northern New England HFMA

March 28, 2025

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Overview

- Elections → 2025 Dynamics, Policies
- Market Dynamics, Indictors
- Payors, Payment Changes
- Artificial Intelligence

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Administration and Congress

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Examples Executive Orders, Actions

Department of Government Efficiency*

- Looking into Health & Human Services

Federal Funding Freeze Memo*

- Impacted many health care, life sciences entities

National Institutes of Health Indirect Cost Cuts*

- Sets indirect costs to 15% for all grant (current, future)
- Impacts many health care entities receiving federal funds

Consumer Financial Protection Bureau Paused*

- Medical debt rule was issued by CFPB

Communications Freeze, Data Freeze*

- Public health, nursing home and other data taken off government websites

Tariffs

- Applies to certain countries, certain materials and could have impacts across health care

* Lawsuits filed

Some Immediate Responses to Funding Freezes, Other EOs?

- Incident command
- Cross-functional teams
- Categorizing federals funds
- Cash flow analysis
- Financial scenario planning

- Talk with financial institution
- Consider/access lines of credit
- Talk with funders/grantors
- Look for additional equity financing

Health & Human Services*

Selections indicate…

- Unconventional picks
- Disrupters in HHS agencies
- Potential for large impacts on size/scope of agencies themselves + policies

** All need Senate confirmation*

Confirmed Feb. 13

HHS Secretary – Robert F. Kennedy, Jr. – Healthcare activist, environmental lawyer

HHS Deputy Secretary – Jim O'Neill – Alum of the George W. Bush Administration, biotech investor close to Peter Thiel

Centers for Medicare & Medicaid Services (CMS) Administrator – Dr. Mehmet Oz – Physician, founder Health Corps, ShareCare, TV personality, professor

Food & Drug Administration (FDA) Administrator – Dr. Marty Makary – Surgical Oncologist and Professor at Johns Hopkins University

Confirmed Mar. 25

National Institutes of Health (NIH) Director – Dr. Bhattacharya – Stanford University Professor, physician, economist, author

Confirmed Mar. 25

Center for Disease Control (CDC) Director – Susan Moranez

U.S. Surgeon General – Dr. Nesheiwat – CityMD Medical Director, author, TV commentator

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119th Congress

U.S. Senate

- Majority Party: Republicans (53 seats)
- Minority Party: Democrats (45 seats)
- Other Parties: 2 Independents (caucus with Democrats)
- Tie-Breaker = Vice President (Vance)
- Sen. Majority Leader John Thune (R-SD)
- Sen. Minority Leader Chuck Schumer (D-NY)

U.S. House of Representatives

- Majority Party: Republicans (218)
- Minority Party: Democrats (215)
- Note: there are 2 vacancies
- U.S. House Speaker Mike Johnson (R-LA)
- U.S House Minority Leader: Hakeem Jeffries (D-NY)

Congressional Outlook (2025)

CR enacted Mar. 15

Major Activity	Government funded only through Sept 30	Federal debt ceiling comes into play	Tax Cuts & Jobs Act
Immigration	Border Security	Energy Policy	Budget Reconciliation

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Congress: Major Issues

Continuing Resolution – *Enacted*

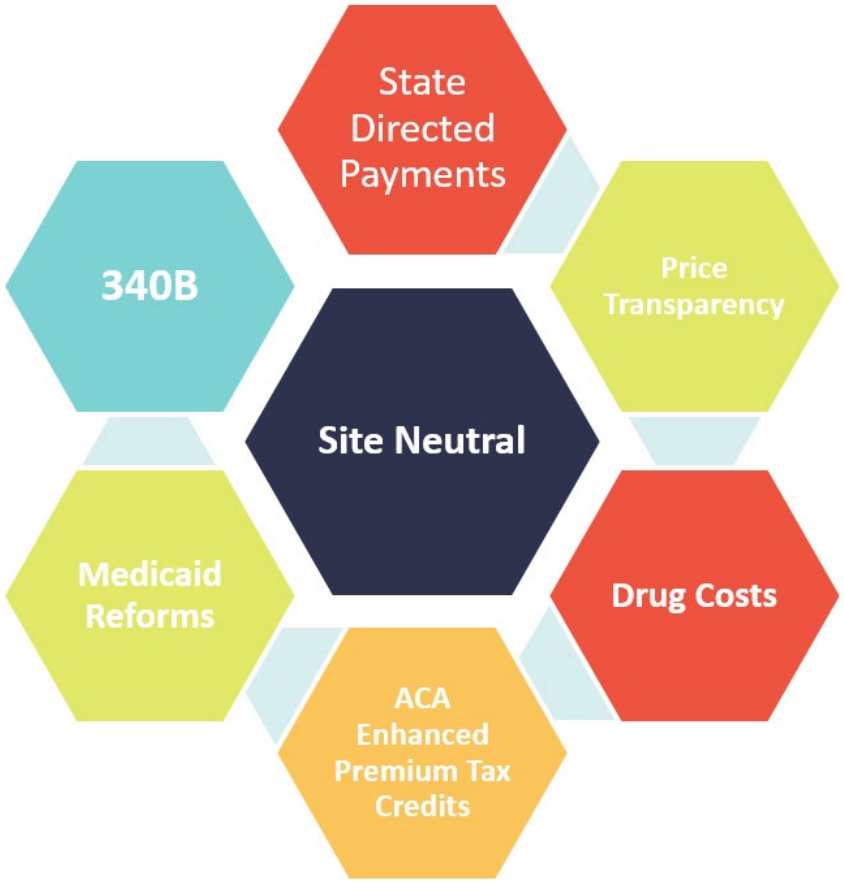
- Funds government through Sept. 30, 2025
- Health care extensions included
  - Medicare Dependent Hospitals
  - Low Volume Adjustment hospitals
  - Telehealth, hospital-at-home
  - Medicaid DSH cuts stopped
  - Rural ambulance add-on
  - Community health centers funding

Budget Reconciliation – *Ongoing*

- Budget resolution (i.e.: framework) has topline numbers
- House and Senate must agree to same framework (have not done so yet)
- Committees fill in specifics
- Must have major impact on tax/budget
- Simple majority votes

+ Tax Cuts & Jobs Act
+ Debt ceiling
+ Border security, immigration
+ Energy policy

Potential Issues Impacting Hospitals in 2025



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Take-Aways

- Find trusted resources (like hospital associations) so you're current on all Executive/Legislative Branch actions
- Use incident command or cross-functional teams if expedited decision-making is needed
- Utilize scenario planning to assess policy impacts on operations, financials
- Consider grassroots advocacy options

Market Indicators
Market Activity

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United States Economy at a Glance

Economy at a Glance

United States

United States - Monthly Data

Data Series	Back Data	Sept 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
Unemployment Rate(1)		4.1	4.1	4.2	4.1	4.0	4.1
Change in Payroll Employment(2)		240	44	261	323	(p) 125	(p) 151
Average Hourly Earnings(3)		35.33	35.48	35.61	35.68	(p) 35.83	(p) 35.93
Consumer Price Index(4)		0.2	0.2	0.3	0.4	0.5	0.2
Producer Price Index(5)		0.3	0.3	(p) 0.1	(p) 0.5	(p) 0.6	(p) 0.0
U.S. Import Price Index(6)		-0.4	0.1	0.1	(r) 0.1	(r) 0.4	(r) 0.4

Footnotes

(1) In percent, seasonally adjusted. Annual averages are available for Not Seasonally Adjusted data.
(2) Number of jobs, in thousands, seasonally adjusted.
(3) Average Hourly Earnings for all employees on private nonfarm payrolls.
(4) All items, U.S. city average, all urban consumers, 1982-84=100, 1-month percent change, seasonally adjusted.
(5) Final Demand, 1-month percent change, seasonally adjusted.
(6) All imports, 1-month percent change, not seasonally adjusted.
(p) Preliminary
(r) Revised

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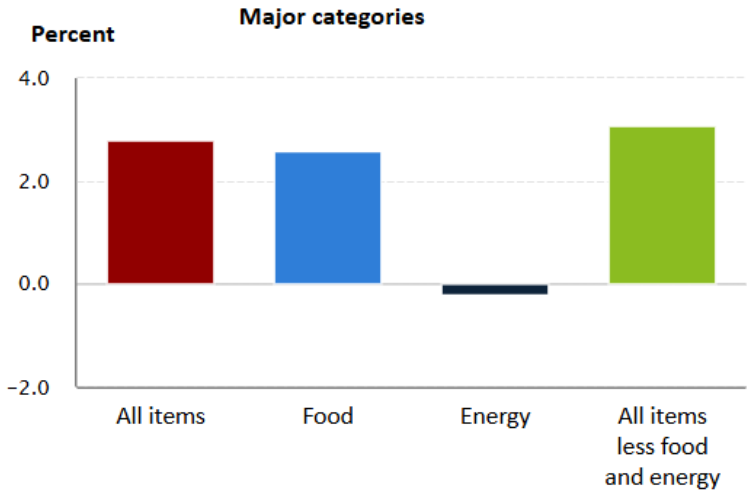
Consumer Price Index / Inflation (Rising)

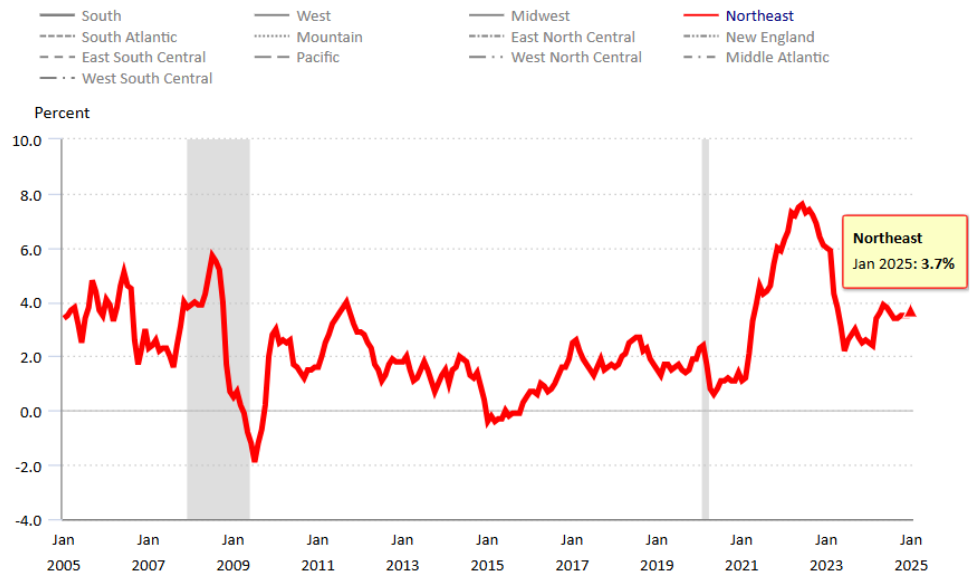
12-month percentage change, Consumer Price Index, selected categories, February 2025, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

- CPI rose 0.5% in January, 0.2% in Feb and 2.8% over the last 12 months
- Northeast region increased 0.8% in January and 0.6% in February and 3.9% for the 12 months

12-month percentage change, Consumer Price Index, by region and division, all items, not seasonally adjusted



Data for some metropolitan areas are bimonthly.
Hover over chart to view data.
Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.
Source: U.S. Bureau of Labor Statistics.

12-month percentage change, Consumer Price Index, by region and division, all items
CPI Home : U.S. Bureau of Labor Statistics

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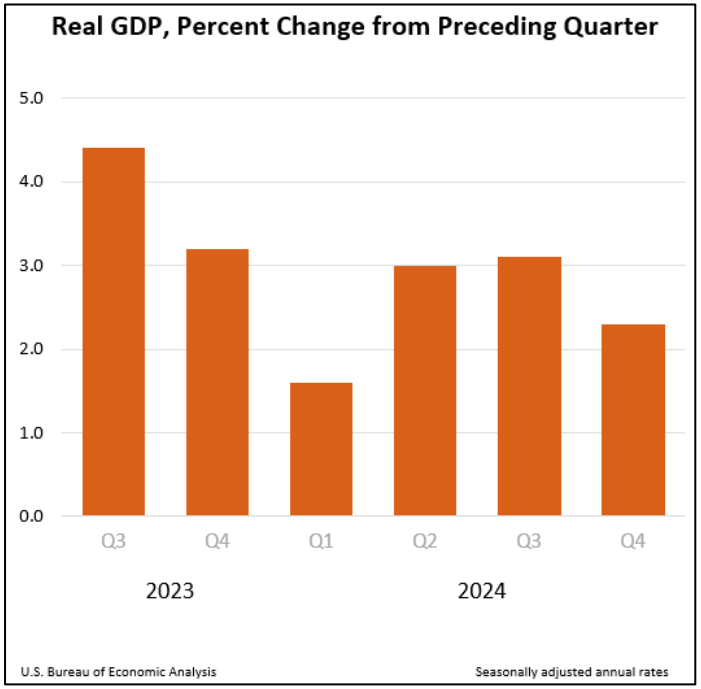
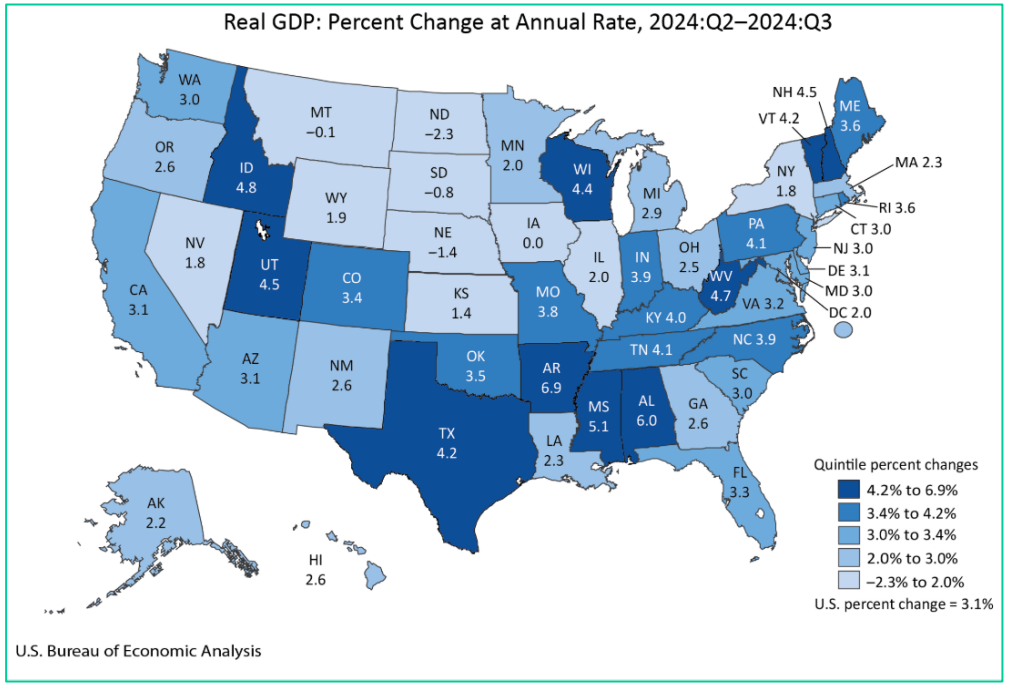
Economic Conditions: GDP by Quarter, By State





ME = 3.6% | NH = 4.5% | VT = 4.2%

U.S. Economy at a Glance | U.S. Bureau of Economic Analysis (BEA)

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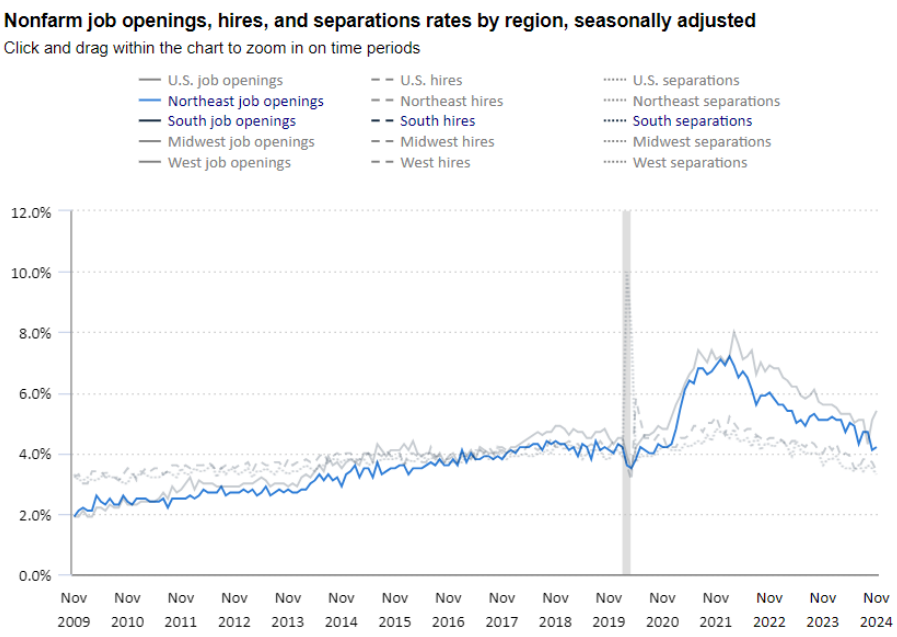
Labor Market in 2024

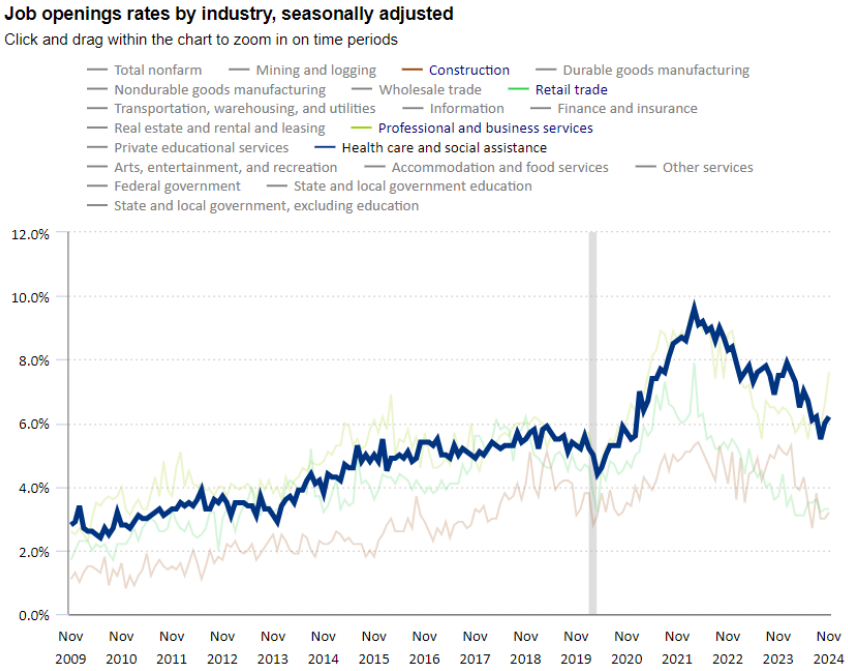
- Roughly 680,000 health care jobs added
- Ambulatory saw 332,000 increase
- Hospitals saw 210,000 jobs added
- Increases seen in nursing homes, residential care facilities, some 136,000+
- Medical and diagnostic labs saw a decline (16,000)

Job Openings and Labor Turnover Summary - 2025 M01 Results

Labor Trends Coming Down



Northeast job openings trendline



Health care/social assistance job openings trendline

https://www.bls.gov/charts/job-openings-and-labor-turnover/opening-hire-seps-region.htm
https://www.bls.gov/charts/job-openings-and-labor-turnover/opening-industry.htm

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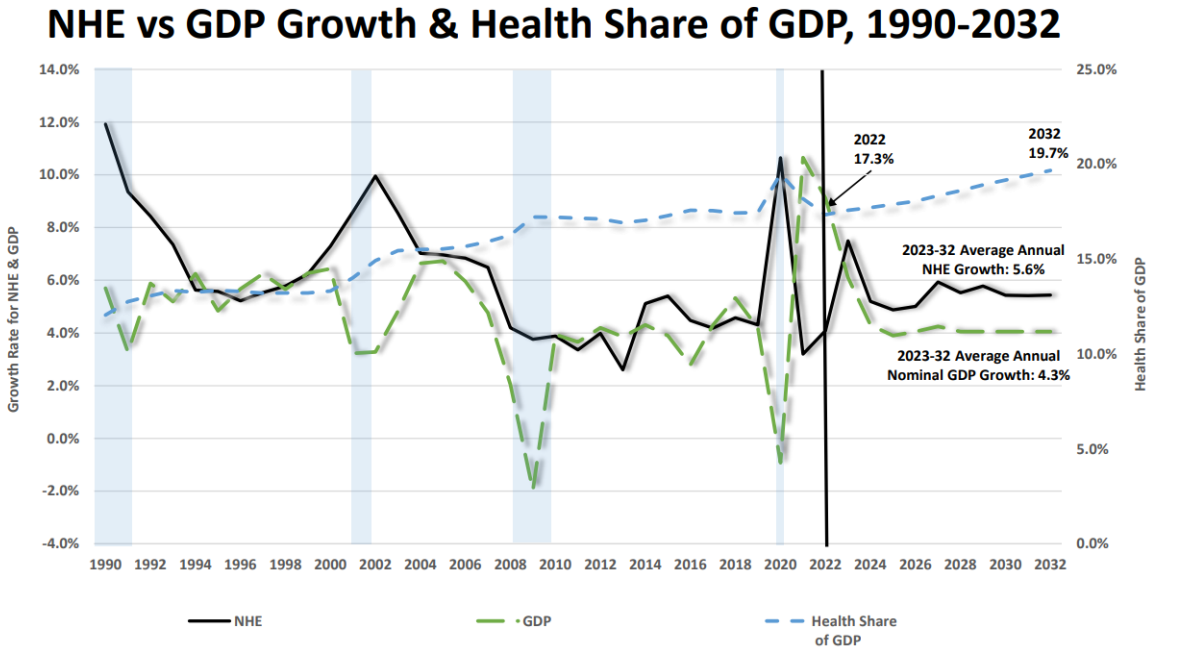
Projections: National Health Expenditures

- In next decade, NHE projected to grow 5.6%
- GDP growth projected at 4.3%
- Health spending of GDP to go from 17.3% to 19.7%



NOTES: Shaded areas represent recession periods. During 2020 there was a short economic recession in March and April.
SOURCES: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group; Bureau of Economic Analysis, and National Bureau of Economic Research.

https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/projected

Overview: 10-Year Federal Budget Outlook

The Budget Outlook, by Fiscal Year

	Percentage of GDP					Billions of dollars			
	Average, 1974–2023	Actual, 2023	2024	2025	2034	Actual, 2023	2024	2025	2034
Revenues	**17.3**	**16.5**	**17.2**	**17.0**	**18.0**	**4,441**	**4,890**	**5,038**	**7,459**
Individual income taxes	8.0	8.1	8.6	8.6	9.7	2,176	2,447	2,550	4,021
Payroll taxes	6.0	6.0	5.9	5.8	5.9	1,614	1,678	1,737	2,455
Corporate income taxes	1.8	1.6	1.8	1.6	1.2	420	525	490	507
Other	1.5	0.9	0.8	0.9	1.2	230	239	260	476
Outlays	**21.0**	**22.7**	**24.2**	**23.5**	**24.9**	**6,123**	**6,880**	**6,975**	**10,305**
Mandatory	11.0	13.9	14.7	13.9	15.3	3,747	4,191	4,127	6,336
Social Security	4.4	5.0	5.1	5.2	6.0	1,348	1,452	1,549	2,478
Major health care programs	3.4	5.8	5.8	5.7	6.8	1,556	1,654	1,690	2,821
Medicare	2.1	3.1	3.2	3.1	4.2	832	903	935	1,735
Medicaid, CHIP, and marketplace subsidies	1.3	2.7	2.6	2.5	2.6	724	750	755	1,086
Other mandatory	3.2	3.1	3.8	3.0	2.5	843	1,086	889	1,037
Discretionary	8.0	6.4	6.3	6.2	5.5	1,719	1,797	1,832	2,259
Defense	4.2	3.0	3.0	3.0	2.8	806	849	905	1,144
Nondefense	3.7	3.4	3.3	3.1	2.7	913	948	928	1,115
Net interest	2.1	2.4	3.1	3.4	4.1	658	892	1,016	1,710
Total deficit (-)	**-3.7**	**-6.2**	**-7.0**	**-6.5**	**-6.9**	**-1,683**	**-1,990**	**-1,938**	**-2,846**
Primary deficit (-)	-1.6	-3.8	-3.9	-3.1	-2.7	-1,024	-1,098	-922	-1,136
Debt held by the public at the end of each period	48.3	97.3	99.0	101.6	122.4	26,236	28,178	30,188	50,664

https://www.cbo.gov/publication/60419

Outlays (spending) outpaces revenues resulting in a $2.8 trillion budget deficit in 2034

Existing debt ($30 trillion) added to debt over the next decade results in over $50.6 trillion by 2034

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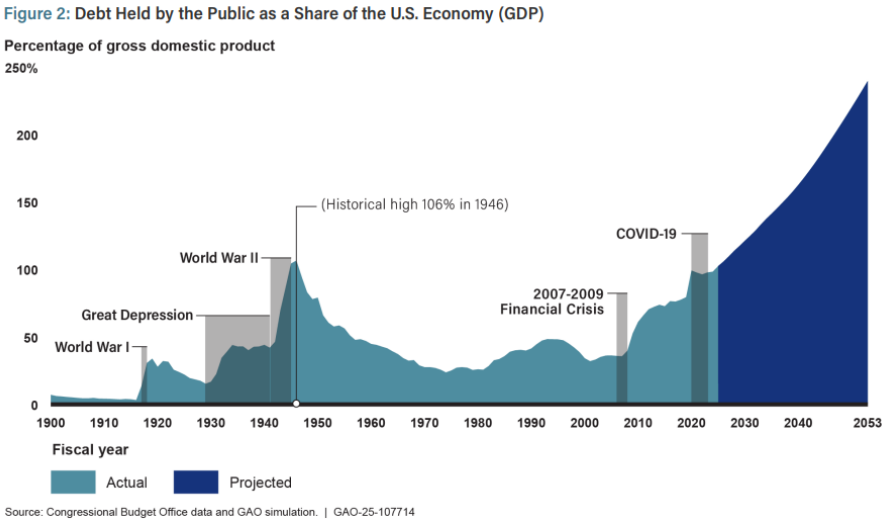
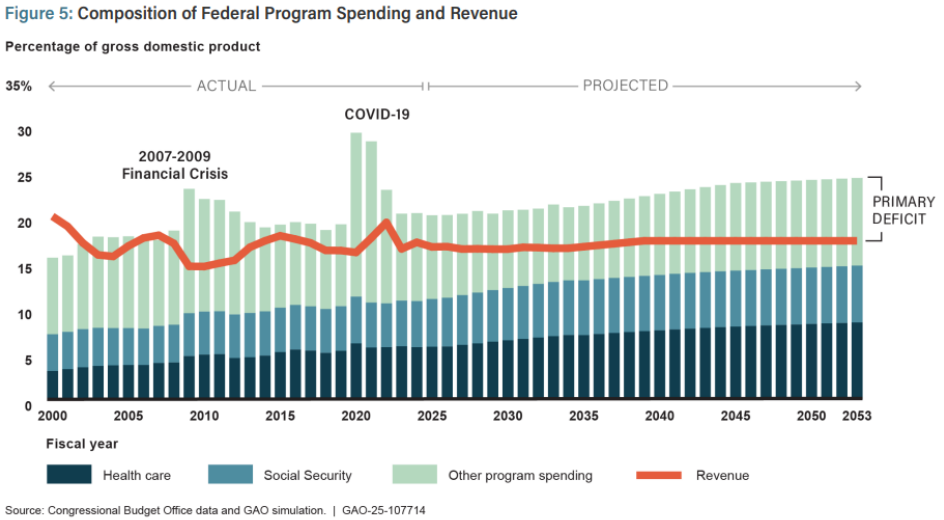
Debt to GDP, Spending – Current, Projections





Debt held by the public will reach its historical high of 106% of GDP by 2027. Debt is growing more than 2x as fast as the economy over 30 years and is 200% percent of GDP by 2047

Federal program spending has exceeded revenue every fiscal year since 2008. Spending on Medicare/Medicaid and Social Security continue to increase due to demographics

GAO-25-107714, THE NATIONS'S FISCAL HEALTH: Strategy Needed as Debt Levels Accelerate, Annual Report to Congress, February 2025

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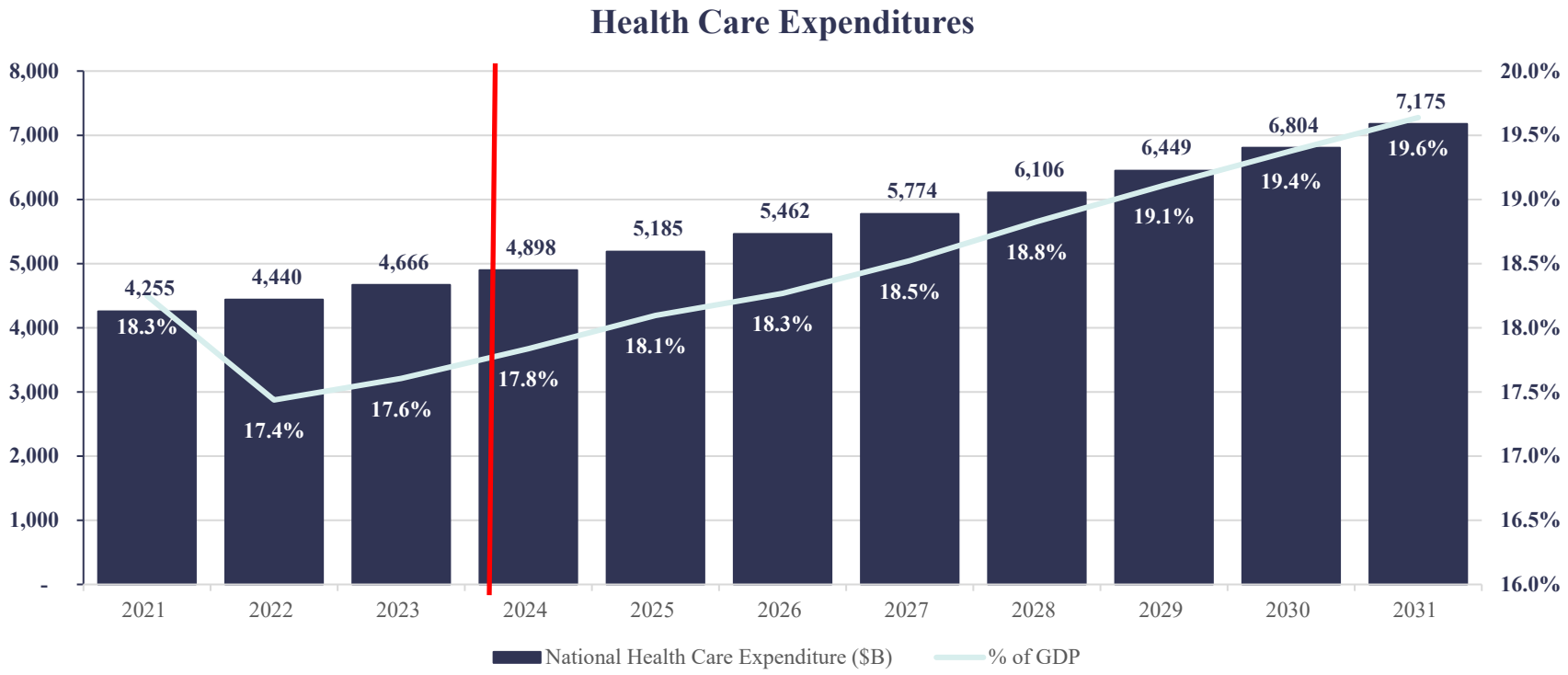
Health Spending Growth = Investor Interest



https://www.claconnect.com/en/resources/articles/24/health-care-transaction-trends-deals-expected-to-rebound-in-2024

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Ongoing M&A: Select Transactions

Completed

- HCA acquires Catholic Medical Center (NH)
- Dartmouth Health Acquires Valley Regional Hospital (NH)
- Lifespan Affiliates with Brown University Health (RI)
- Southern Maine Medical merges with MaineHealth (ME)
- Maine hospitals merge together
- Steward Health bankruptcy and many sales

Under Discussion

- Lamoille Health Partners & Copley Hospital (VT)
- Prospect Medical Holdings (in bankruptcy) to sell CharterCARE Health (RI), Crozer Health (PA)

Fell Apart

- Lifespan & Care New England Health (RI)

A Few Reasons for M&A?

1. Struggling financials
2. Strategic growth
3. Economies of scale
4. Strategic advantage
5. Access to knowledge, technology
6. Vertical integration

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Novel Approaches

- Cross-market mergers
  - Ex: Advocate-Aurora Health (IL/WI) & Atrium Health (NC)
- Unique Structures, Alliances
  - Ex: CA for-profit Kaiser Permanente purchases Geisinger Health (PA) and Cone Health (NC) systems and creates nonprofit, Risant Health
  - Longitude Health
- Private Equity, Venture capital
  - Ex: PE backed Ardent Health has been acquiring for years, it just had an Initial Public Offering
  - Ex: Venture capital General Catalyst creates HATCo, which purchases nonprofit Summa Health (OH)

Take-Aways

- Some economic bumps to start off 2025
- Tariffs create some economic uncertainty
- Inflation remains elevated
- Unemployment is relatively good
- Health care is creating jobs
- High levels of debt to GDP
- Stay vigilant in holding down expenses
- Look to affiliations, mergers or other strategic partnerships if needed

Payers, Payment Changes

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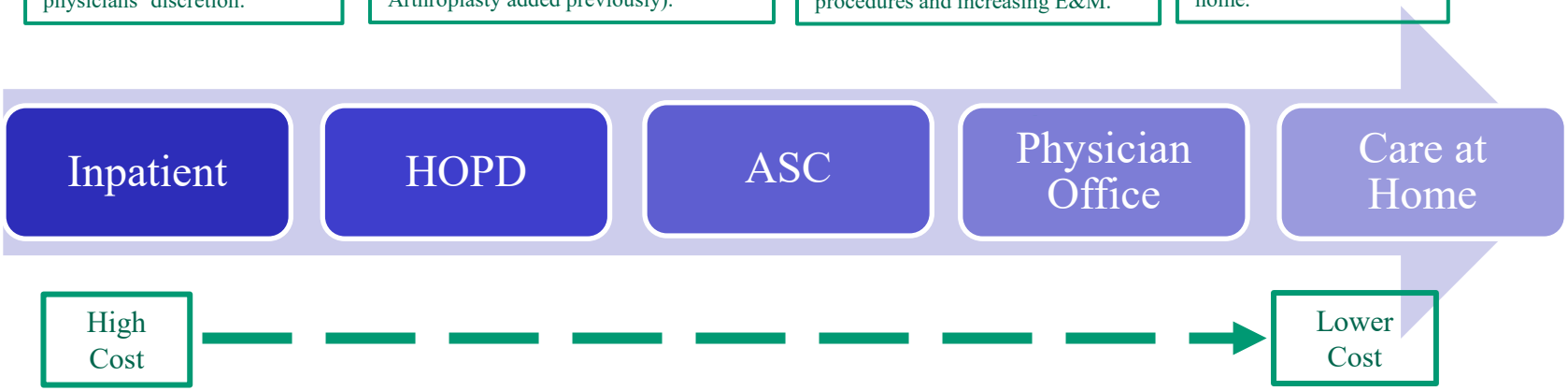
Medicare Continues to Push Site-of-Care Shift

Medicare has moved some types of procedures from IP only to Hospital OP; leaving site-of-service up to physicians' discretion.

Hospital OP rules have added procedures to list of procedures that can be performed in an ASC, including Total Hip Arthroplasty (Total Knees Arthroplasty added previously).

Physician Fee Schedule rule expands care management, virtual care environment, and rebalances physician payments by reducing procedures and increasing E&M.

Home Health rule expands reimbursement to include payment for infusions delivered at home.



The shift to lower cost settings results in lower costs for Medicare program, out-of-pocket costs for consumers, which becomes a competitive factor to understand and plan around.

Mandatory Hospital Bundle (TEAM)

- Transforming Episode Accountability Model (TEAM) - Medicare
  - Finalized in 2025 IPPS Payment Rule
  - Runs from January 1, 2026-Dec. 31, 2030
  - Episode-based bundle for LEJR, SHFFT, CABG, Spinal Fusion, Bowel
  - Episode = anchor surgery plus 30-days post
  - Mandatory in 188 CBSAs nationwide (roughly 25% of hospitals)
  - Three risk tracks

Transforming Episodic Accountability Model

- Begins January 2026
- Includes: LEJR, SHFFT, CABG, Spinal Fusion, Major Bowel
- Mandatory in 188 geographies

Are NH, VT, ME included?

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YES

Hospital Name	CBSA	CBSA Name	CBSA City	CBSA State
Central Maine Medical Center	30340	Lewiston-Auburn, ME	Lewiston-Auburn	ME
St Mary's Regional Medical Center	30340	Lewiston-Auburn, ME	Lewiston-Auburn	ME
Mainegeneral Medical Center	12300	Augusta-Waterville, ME	Augusta-Waterville	ME
Northern Light Inland Hospital	12300	Augusta-Waterville, ME	Augusta-Waterville	ME
Mary Hitchcock Memorial Hospital	30150	Lebanon-Claremont, NH-VT	Lebanon-Claremont	NH-VT
Concord Hospital- Laconia	29060	Laconia, NH	Laconia	NH
Cheshire Medical Center	28300	Keene, NH	Keene	NH
Brattleboro Memorial Hospital	14710	Brattleboro, VT	Brattleboro	VT

Included CBSAs

Maine

New Hampshire-Vermont

New Hampshire

Vermont

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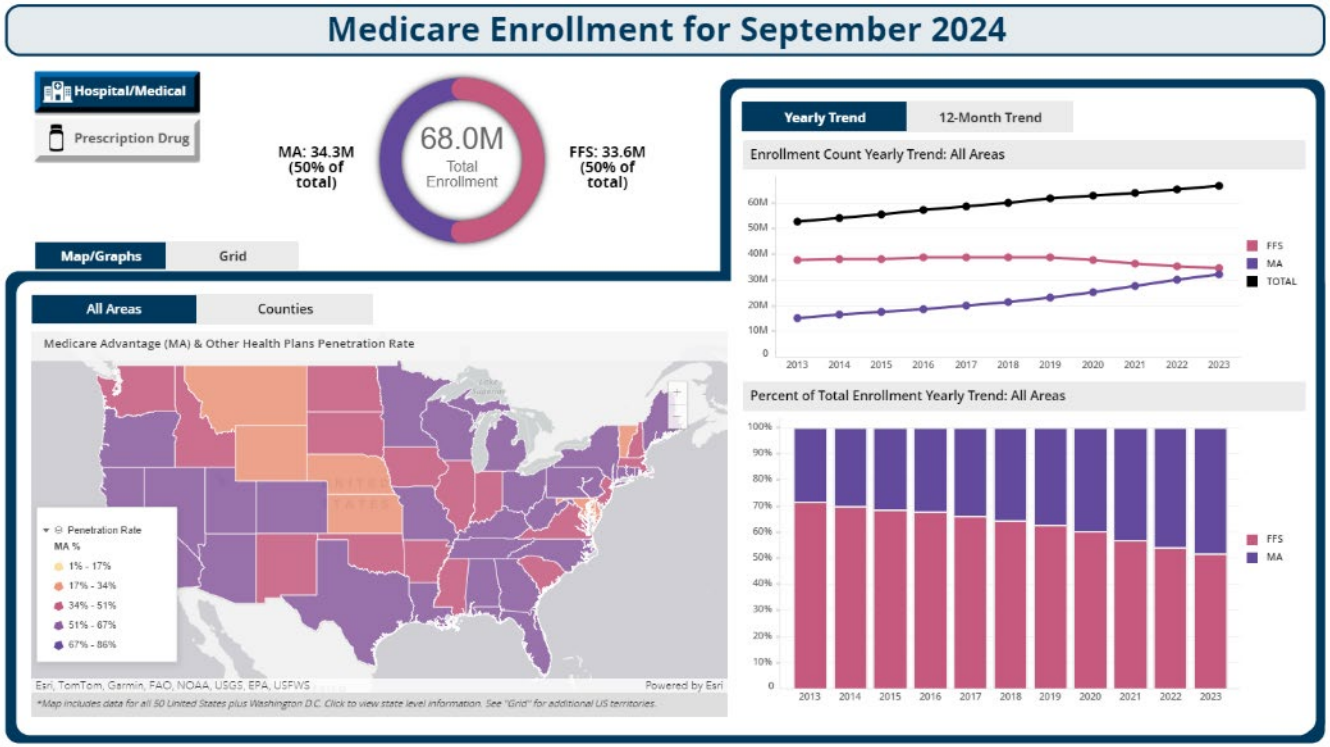
And MA-NH CBSA

Mount Auburn Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Lawrence General Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Cambridge Health Alliance	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Carney Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Anna Jaques Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Boston Medical Center Corporation-	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Beverly Hospital Corporation	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
North Shore Medical Center -	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
St Elizabeth's Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Marlborough Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Signature Healthcare Brockton Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Beth Israel Deaconess Hospital - Plymouth	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Lowell General Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Melrosewakefield Healthcare	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Massachusetts General Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Massachusetts Eye And Ear Infirmary -	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Holy Family Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Beth Israel Deaconess Hospital - Needham	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Emerson Hospital -	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Beth Israel Deaconess Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
New England Baptist Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Nashoba Valley Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
South Shore Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Newton-Wellesley Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Winchester Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Beth Israel Deaconess Hospital-Milton Inc	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Brigham And Women's Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Good Samaritan Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Tufts Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Brigham And Women's Faulkner Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Lahey Hospital & Medical Center, Burlington	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Metrowest Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Frisbie Memorial Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Parkland Medical Center	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Wentworth-Douglass Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Exeter Hospital Inc	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH
Portsmouth Regional Hospital	14460	Boston-Cambridge-Newton, MA-NH	Boston-Cambridge-Newton	MA-NH

Why Talk About Medicare Advantage?

Because…

1. Over 50% of all eligible beneficiaries select MA over for fee-for-service
2. It has been continuously growing
3. It has very real revenue impacts for providers compared to traditional Fee-For-Service (FFS) revenues



https://data.cms.gov/tools/medicare-enrollment-dashboard

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Understanding Capitation, Full "Risk"

Medicare Advantage plans receive a "per-member per-month" or "PMPM" payment for each enrollee. The PMPM is called a "capitation" payment.

The plans use the PMPM money to pay for the health care needs of their members. The PMPM is set and does not vary based on utilization levels. Therefore, plans are at full "risk" for health care expenses of members.

Managing "risk" means managing overall healthcare spending. Approaches plans may use?

-- *Reducing average length of stays – both acute and post-acute*
-- *Reductions in payment rates*
-- *Utilization of different care settings (i.e. lower cost settings)*
-- *Narrowing of provider networks*

Medicare Advantage (MA): What's the Attraction?

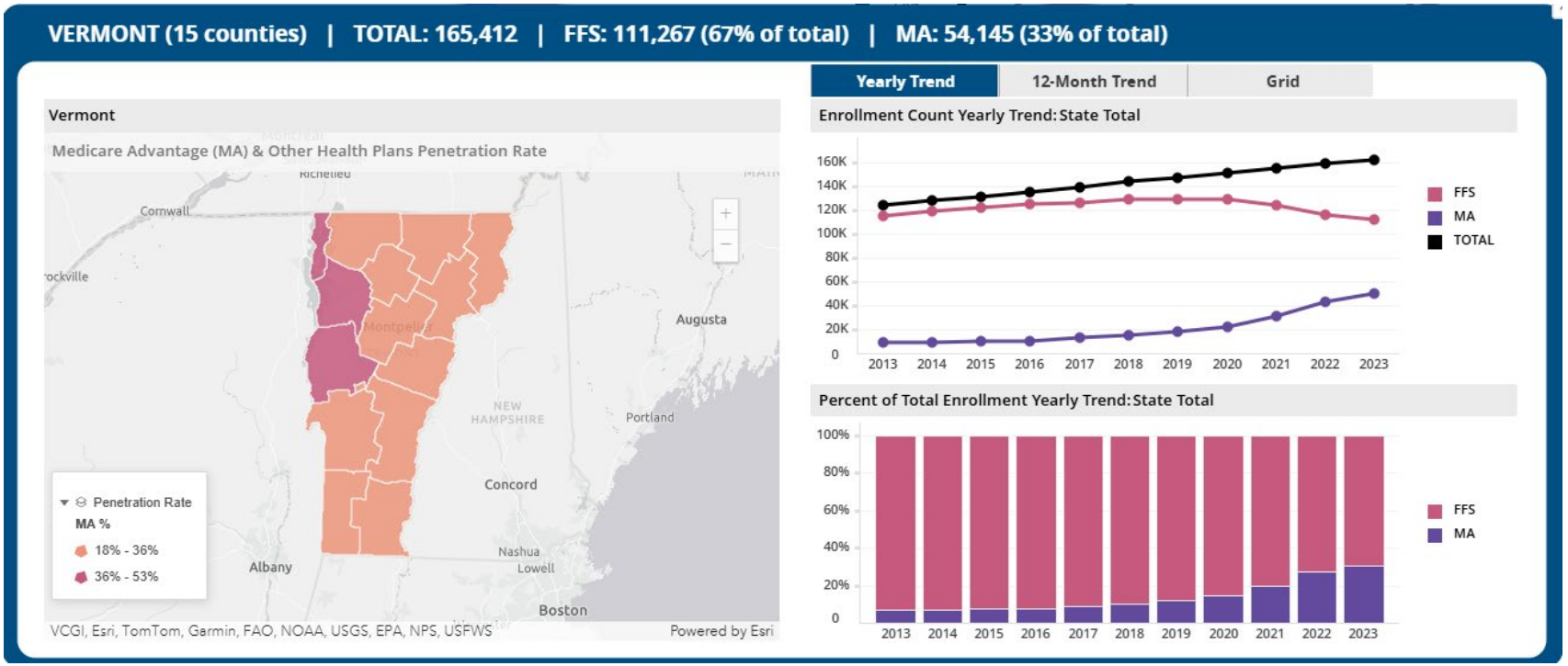
CMS Perspective: MA Leads to "Value"

- Fixed health care costs (PMPM), resulting in shared risk
- Managed care should help provide better outcomes because care is better "managed"

Beneficiary Perspective: MA Has More Benefits & Flexibility

- Lower (out-of-pocket) cost, in many instances
- Additional benefits, beyond those offered by Medicare fee-for-service
- Greater flexibility in benefit design by law – benefits continue to expand

VT Medicare Advantage



Medicare Enrollment Dashboard | CMS Data

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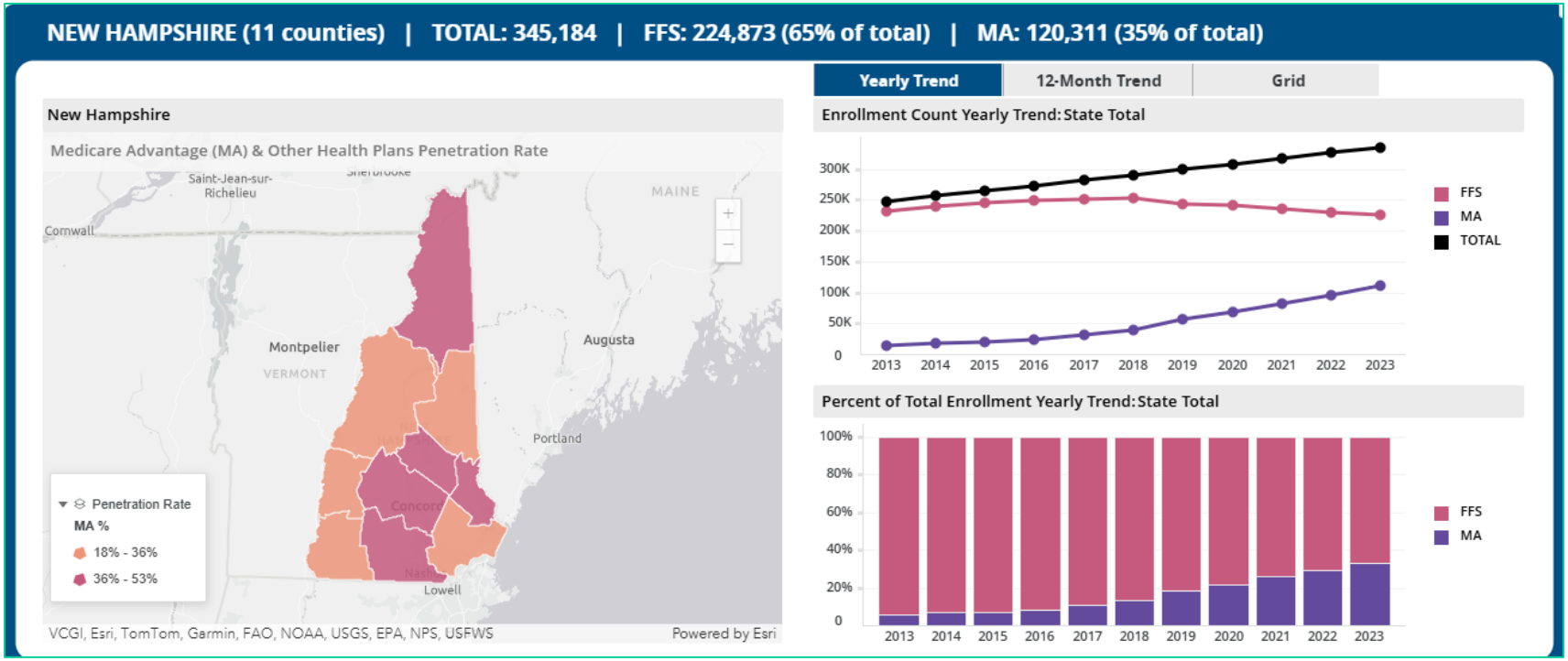
NH Medicare Advantage



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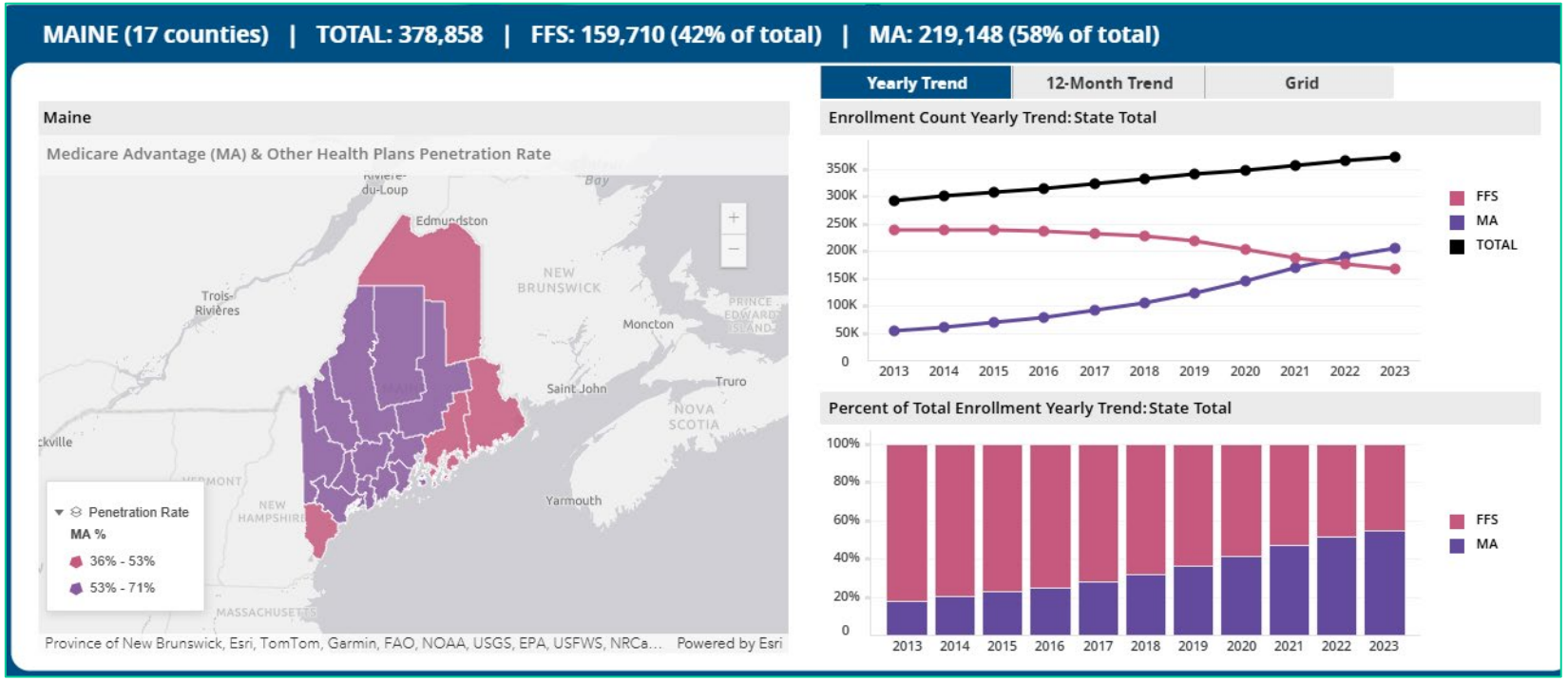
ME Medicare Advantage



Medicare Enrollment Dashboard | CMS Data

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ME, NH, VT

Medicare Advantage in 2025

- All three states have more MA plans in 2025 than 2024
- 100% of people in all three states have access to MA plan
- All three states offer $0 premium plans
- 100% of people in all three states have access to a $0 premium plan

In Maine in 2025:

Medicare Advantage:

- The average monthly Medicare Advantage plan premium changed from $13.54 in 2024 to $12.84 in 2025.
- 55 Medicare Advantage plans are available in 2025, compared to 54 plans in 2024.
- 100% of people with Medicare have access to a Medicare Advantage plan.
- $0 is the lowest monthly premium for a Medicare Advantage plan.
- 100% of people with Medicare will have access to a Medicare Advantage plan with a $0 monthly premium.

In New Hampshire in 2025:

Medicare Advantage:

- The average monthly Medicare Advantage plan premium changed from $15.25 in 2024 to $18.81 in 2025.
- 42 Medicare Advantage plans are available in 2025, compared to 38 plans in 2024.
- 100% of people with Medicare have access to a Medicare Advantage plan.
- $0 is the lowest monthly premium for a Medicare Advantage plan.
- 100% of people with Medicare will have access to a Medicare Advantage plan with a $0 monthly premium.

In Vermont in 2025:

Medicare Advantage:

- The average monthly Medicare Advantage plan premium changed from $18.46 in 2024 to $31.70 in 2025.
- 24 Medicare Advantage plans are available in 2025, compared to 8 plans in 2024.
- 100% of people with Medicare have access to a Medicare Advantage plan.
- $0 is the lowest monthly premium for a Medicare Advantage plan.
- 100% of people with Medicare will have access to a Medicare Advantage plan with a $0 monthly premium.

2025-ma-part-d-landscape-state-state-fact-sheet.pdf

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MA Areas of Concern for Hospitals, Regulators, Congress

- Growing vertical integration
- Prior authorization problems
- Administrative expenses
- Reduced reimbursements

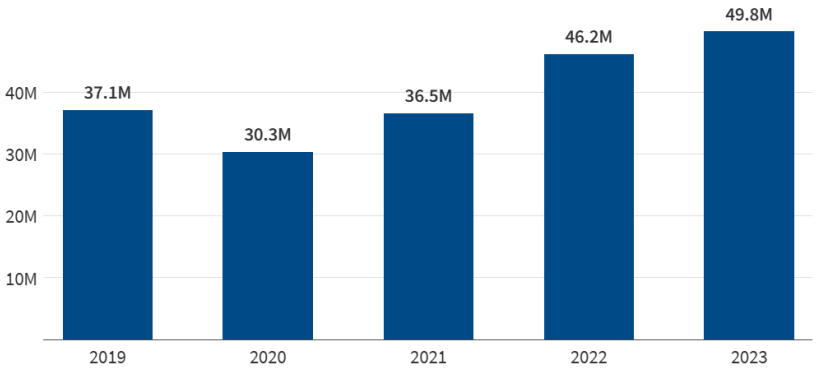
Med. Advantage Trends: Prior Authorizations

KFF report

Figure 1

Medicare Advantage Insurers Made Nearly 50 Million Prior Authorization Determinations in 2023

Total number of prior authorization determinations, 2019 - 2023



Note: Excludes requests that were withdrawn or dismissed.

Source: Medicare Limited Data Set, Contract Years (CY) 2022 - 2023 Part C and D Reporting Requirements and Public Use file Contract Years 2019-2021 Part C and D Reporting Requirements • Get the data • Download PNG

KFF

Medicare Advantage Insurers Made Nearly 50 Million Prior Authorization Determinations in 2023 | KFF

- 6.4% of these 50 million were denied
- Vast majority (over 80%) were overturned in favor of patient
- User of prior authorization varies by insurer
- OIG is planning a report on use of prior auths in post-acute
- Traditional fee-for-service also uses some prior authorizations (items potentially cosmetic in nature, repetitive used etc)

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Care Management

- Optum's I-SNPs compared to traditional fee-for-service
- Embedded NP or PA into nursing home (no cost to SNF)
- Results show lower levels of hospitalizations, ED use

TABLE 3. Differences in Utilization Across I-SNP and FFS Medicare Beneficiaries[a]

	Unadjusted Differences		Adjusted for Demographics	
Utilization Measure	**I-SNP**	**FFS**	**I-SNP**	**FFS**
Inpatient stays per 1000 residents	288	524	310	500
30-day readmissions per 1000 inpatient stays	167	334	175	318
ED visits per 1000 residents	218	452	217	441
SNF stays per 1000 residents	481	253	514	242

ED indicates emergency department; FFS, fee-for-service; I-SNP, Institutional Special Needs Plan; SNF, skilled nursing facility.

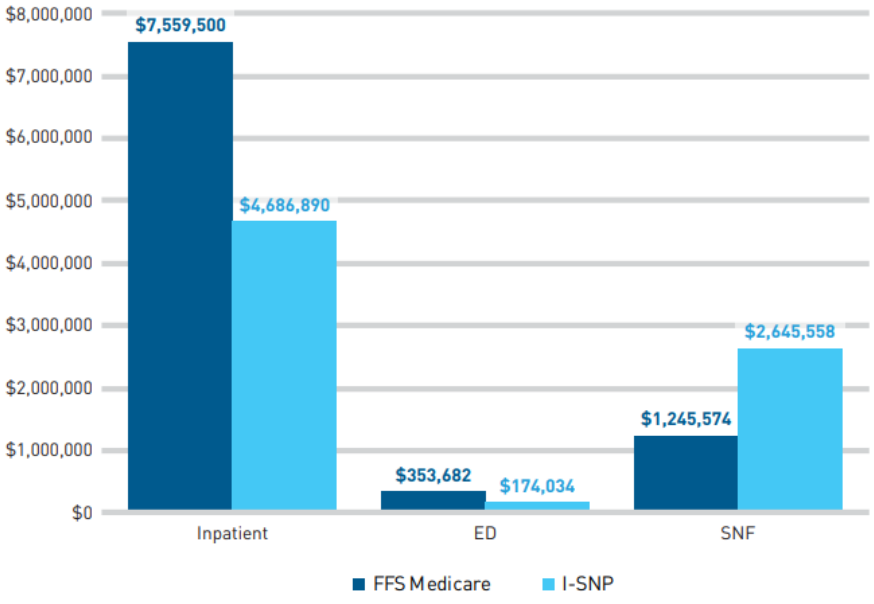
[a]All differences are statistically significant at the 5% level or better (adjusted and unadjusted). Demographic adjusters include age, gender, and state of residence.

Source: Authors' calculations based on UnitedHealthcare data of I-SNP enrollees and the Medicare 5% sample of FFS beneficiaries.

AJMC_McGarry_Grabowski_ISNP.pdf

Same Study = Less Costly

FIGURE. Actual Medicare Expenditures per 1000 Long-term Nursing Home Residents in FFS Medicare Versus Projected Expenditures Based on Utilization of I-SNP Beneficiaries



ED indicates emergency department; FFS, fee-for-service; I-SNP, Institutional Special Needs Plan; SNF, skilled nursing facility.

Source: Authors' calculations based on UnitedHealthcare data of I-SNP enrollees and the Medicare 5% sample of FFS beneficiaries.

- Study finds that use of I-SNP increases SNF stays (which are less costly) since residents are not being transferred to ED or hospitalized.

AJMC_McGarry_Grabowski_ISNP.pdf

Insurance Contract Fights

- Hospitals want reimbursement increases to reflect higher costs (inflation), prompt payments, less prior authorization/adm expense
- Many disputes involve Medicare Advantage plans but the trends goes beyond MA
- We began seeing hospitals go out of network starting about 3 years ago. Some examples for 2025 at right

Examples of Contract Disputes

- Stamford Health (CT) & Anthem*
- Point32Health (Mass) & Tenet*
- St. Joseph's (NH) & Anthem*
- Memorial Sloan Kettering (NY) & Anthem*
- Hackensack Meridien (NJ) & Horizon BCBS
- Hartford Healthcare (CT) & United
- Jefferson Health & Cigna

* 11th hour resolutions reached

Take-Aways

- Prepare for TEAM model
- Understand Medicare Advantage exposure, processes
  - Care management requirements
  - Prior authorizations
  - Financials
  - Contract renegotiations
- Long-term strategic planning
- Managing to government payors

Artificial Intelligence

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5 Common Challenges In Health Care

Lack of real-time data

Systems not talking to each other

Disruption to legacy systems

Evolving industry structure & realignment

Recruiting & retention

Do any of these resonate with your organization?

Modernizing Hospitals, Health Systems

Democratization of AI

Software Integration

Products and solutions allow businesses to leverage best in class value and efficiency.

Data Modernization

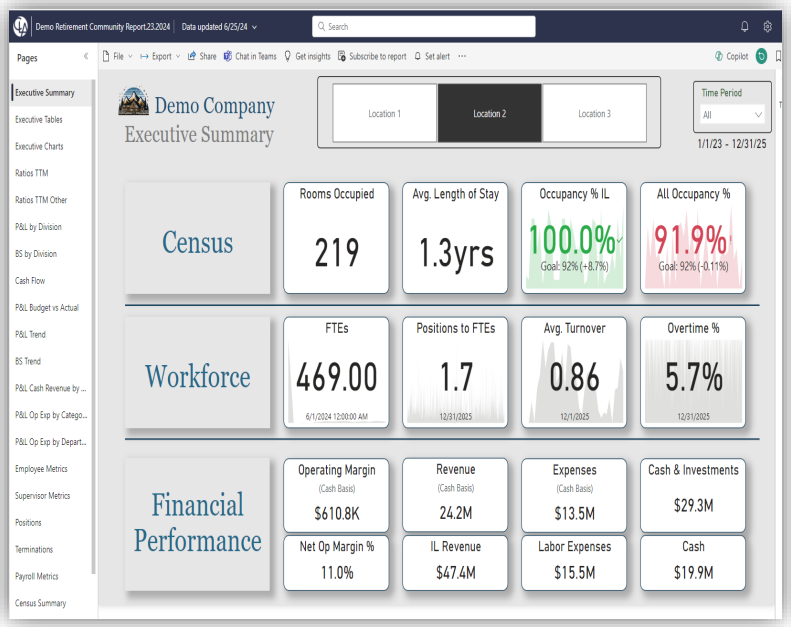
Every business relies on data insights to make accurate informed decisions.

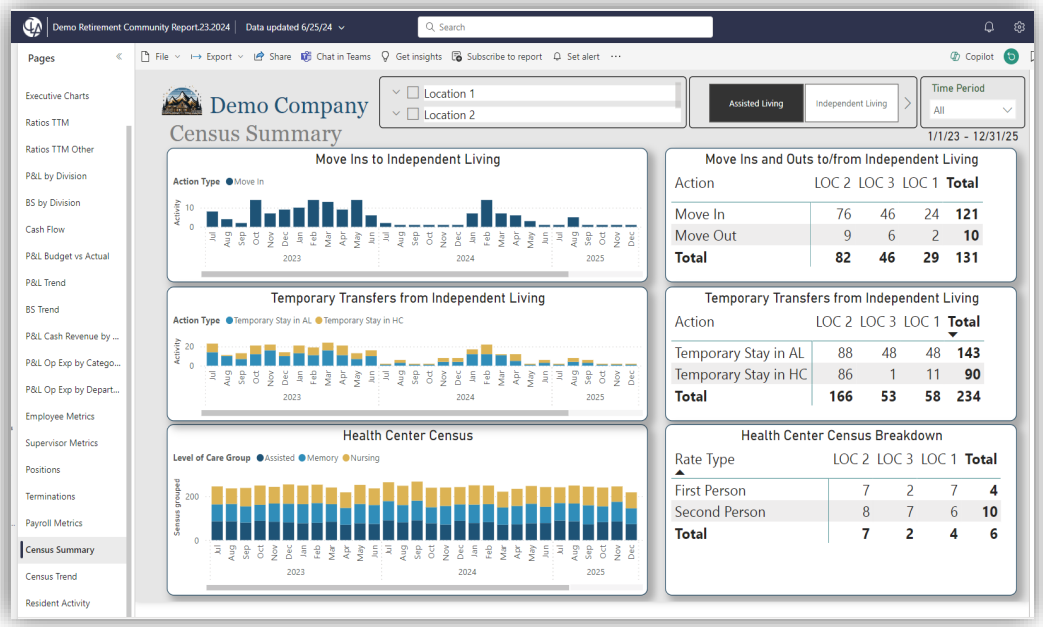
Automation Development

Adding automation to key processes allows businesses to scale efficiently.

Cybersecurity

Driving Performance Through Informed Decisions





- Harnessing the power of data to make decisions that drive desired outcomes
- Connecting disparate data sources, automating reporting, and distributing insights to stakeholders and decision makers.

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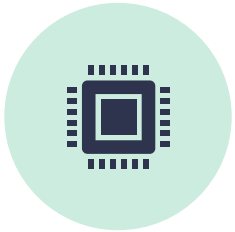
Proposed HIPAA Security Rule Changes

Technical standards - Entities covered by HIPAA will be required to achieve specific technical standards such as encryption and multifactor authentication. This also applies to business associates and group health plans.

Updated definitions - The rule updates definitions of terms like confidentiality and introduces new definitions such as multifactor authentication. It also enhances administrative, technical, and physical safeguards.



New technologies - The rule specifically addresses new technologies in healthcare, including artificial intelligence, quantum computing, virtual reality, and applied reality. Healthcare organizations must conduct risk assessments of the cybersecurity threats posed by these new tools.

Clarifications and compliance - The rule provides clarifications on the current HIPAA Security Rule and emphasizes the importance of security measures that bolster an organization's ability to recover from security breaches. It also introduces specific compliance time periods for many existing requirements.

Implications for Healthcare Organizations

Enhanced security measures - Organizations will need to implement stronger security measures to protect ePHI, including encryption, multifactor authentication, and regular vulnerability scanning.

Risk assessments - Conducting thorough risk assessments will be crucial, especially for new technologies. This includes identifying potential threats and vulnerabilities and assessing the risk level for each.

Compliance and documentation - Organizations must maintain detailed documentation of all Security Rule policies, procedures, plans, and analyses. Regular compliance audits will be required to comply with the new standards.

Proactive Culture of Cybersecurity

Governance Risk Compliance (GRC)
Regulatory compliance (HIPAA, PCI, CMMC, GLBA)
Microsoft365 security
Penetration testing
Vulnerability scanning
Application testing
Social Engineering (Phishing)
Wireless penetration testing
Rapid Pen test and GCR Assessments

Take-Aways

- What is your digital strategy/roadmap?
- Understand where AI/technology can reduce administrative burden, improve efficiencies
- Strong cyber security is a must
  - Be prepared: proposed HIPAA security rule

Thank You!

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