

# Regulatory Update

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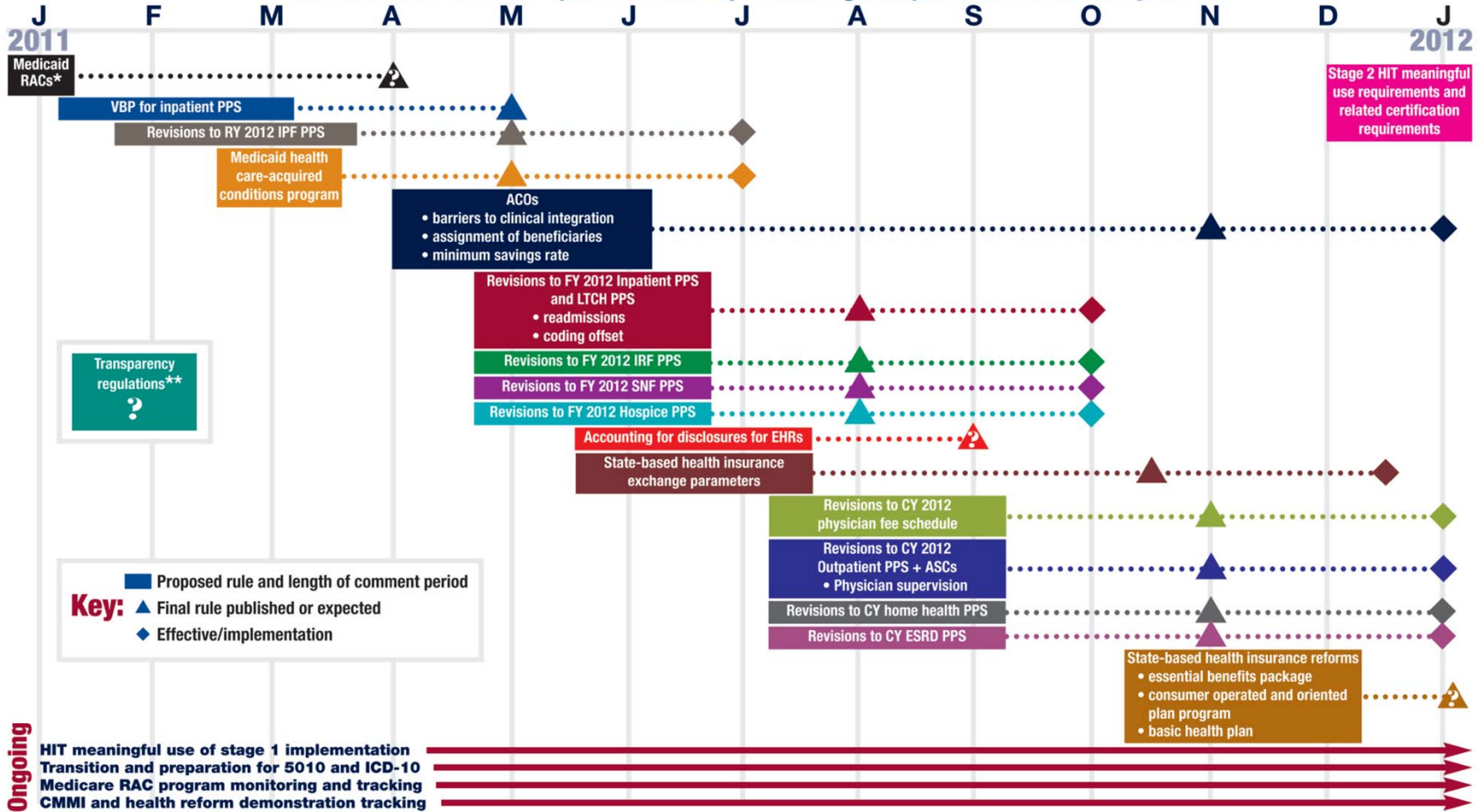
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# 2011 Health Care Regulatory Calendar

Schedule of 2011's Important Activity Affecting Hospitals and Health Systems



Note: This list is not meant to be exhaustive and does not reflect all regulations expected in 2011. Timeframes for some items are estimated or unknown.

\*The Medicaid RAC proposed rule was released Nov. 10, 2010 and the comment period ended Jan. 10, 2011. \*\*Regulations on public reporting of hospital charges and medical reimbursement data centers were expected in 2010 but were not released. They could be issued in 2011.

# Implementing Health Care Reform

## Hospital Value-Based Purchasing Program (October 2012)

- Multiple regulations implementing first two years of program.
- Expect more information on CAH and small hospital VBP demonstration programs later this year; programs must begin by March 23, 2012 and will run for three years.

## Hospital Readmission Payment Penalties (October 2012)

- Designed to reduce payments to hospitals with higher than expected readmission rates related to certain conditions. CAHs not subject to program.
- Penalty limited to 1 percent of hospital's base operating Medicare payments during first year.

## Bundling Payment Program (Rolling basis 2012)

- Test/develop four models of bundling payments
- Hospitals and physicians receive aligned payments across an episode of care rather than receiving separate payments for all different services delivered.
- Flexibility to determine which episodes and services would be bundled.

## Health Insurance Exchanges (Approval by Jan. 2013; Functional by Jan. 2014)

- Competitive marketplaces for individuals and small businesses to purchase private health insurance.
- If state does not create exchange, federal government will establish one for the state.

# Payment Regulations

## FY 2012 IPPS Final Rule

(Effective October 1)

- Gain of over \$10 million from proposed to final rule
- **Hospital Value-Based Purchasing:**
  - CMS adopted the efficiency measure, Medicare spending per beneficiary
  - Efficiency measure to be included in VBP program in FY 2014

## CY 2012 OPPS Proposed Rule

(Effective January 1)

- **Physician supervision of outpatient therapeutic services:**
  - Extension of enforcement moratorium
  - Creation of independent review process
- **Hospital Value-Based Purchasing:**
  - CMS must assign weights to each domain within VBP program

# Institute of Medicine (IOM) Studies

## Study 1: Geographic Adjustment Factors in Medicare Payment

- Three reports expected by Spring 2012
- Focus: Analyzing the geographic adjustment factors in Medicare.
- Narrow scope does not address some of the controversial geographic variation payment issues which have been assigned to the second IOM study.

## Study 2: Geographic Variation in Health Care Spending and Promotion of High Value

- One report expected by 2014
- Focus: Understand which factors contribute to variation and what that variation means. The IOM will study variation in health care spending and utilization across the country for individuals with Medicare, Medicaid, private insurance, or no insurance.