



FEDERAL UPDATE: Hospital Cuts Tied to Insurance Expansion Require Revision Say Hospital Advocates

An unintended consequence of last year's Supreme Court decision to give each state the option of expanding its Medicaid program under the Affordable Care Act (ACA) means not as many uninsured will gain coverage. The Congressional Budget Office's initial projection that 32 million would gain insurance has now decreased to 25 million.

Further, the Obama Administration's decision to delay the 2014 implementation of the mandate that employers with over 50 employees provide health insurance coverage will also lessen the uptake of newly insured. Despite these occurrences, the magnitude of disproportionate share (DSH) cuts authorized by the ACA will still be borne by hospitals. Medicare and Medicaid DSH payments are made to facilities that serve a "disproportionate" number of uninsured, indigent patients who cannot afford to pay for their care and these payments partially subsidize the cost of that care.

The Healthcare Association of New York State (HANYS), along with the Suburban Hospital Alliance of New York State, LLC, provided comments to the Centers for Medicare and Medicaid Services (CMS) on the agency's recently released proposed regulations that set forward the policy that would implement the Medicare and Medicaid DSH cuts, urging improvements in the policies to make their application more equitable. The final rules are expected out next month.

In May, bill HR 1920 was introduced in the House of Representatives by Representative John Lewis (R-GA). The bill would delay both the Medicare and Medicaid DSH cuts by two years. This two-year delay would allow more time for coverage expansion under the ACA to be fully realized. The Suburban Hospital Alliance has long held that DSH cuts should not begin until coverage expansion actually takes hold.

STATE UPDATE: Insurer Reforms Move Forward

Numerous bills that passed the 2013 state legislative session are awaiting delivery to the governor. Managed care reform legislation (S.5834, Hannon/A.2691, Gottfried) backed by the Suburban Hospital Alliance of New York State, LLC, and the Healthcare Association of New York State is one on the waiting list. This legislation would require utilization review agents to substantiate pre-authorizations electronically, with some exceptions, and would extend providers' timeframe to file external appeals from 45 days to 60 days. If signed by the governor, the new law would take effect on July 1, 2014.

A managed care reform that took effect July 1, 2013 concerns health plans' unilateral down coding of claims without reviewing a medical record and plans' denial of entire claims based on emergency admission timely notification policies. Both provisions ensure fairer consideration of patients' access to quality care and providers' ability to code and process claims.

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