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AHA Report

NDHA Annual Convention
Fall 2018

Our Agenda

- Congressional Action
- Regulatory Update
- AHA Center for Health Innovation

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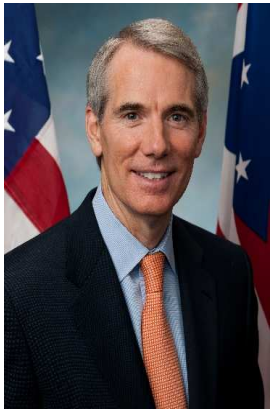
OPPS Proposed Rule: Congressional Response

- Letter to CMS Circulating
  - Senators Rob Portman (R-OH) and Debbie Stabenow (D-MI)
  - House: Reps. Peter Roskam (R-IL), chair of the Ways and Means Health Subcommittee, and Mike Thompson (D-CA)
- Focus on site-neutral payment policy changes and limitations on new services
- Please ask your Representatives to sign on
- Hill Briefing on site-neutral payment policy
- Digital Ads



Sen. Portman Sen. Stabenow

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Lunch Policy Briefing

Assessing the patient impact of changes to reimbursement for outpatient services in Medicare

Please join the American Hospital Association (AHA) and its members as they release and discuss highlights of the new study on the demographics of patient populations treated in hospital outpatient departments and the needs of those patients. The panel discussion will include actionable steps Congress and the Administration can take in 2018 and beyond to reduce unnecessary hurdles to providing patient care. The conversation will explore opportunities to make the delivery of health care more efficient and better for patients.

Tuesday, September 25, 2018
1539 Longworth
12:00 p.m. – 1:00 p.m.
(Lunch available at 12:00 p.m.)

340B Program - Update

- Legal strategy
- Congressional activity
- Development of principles

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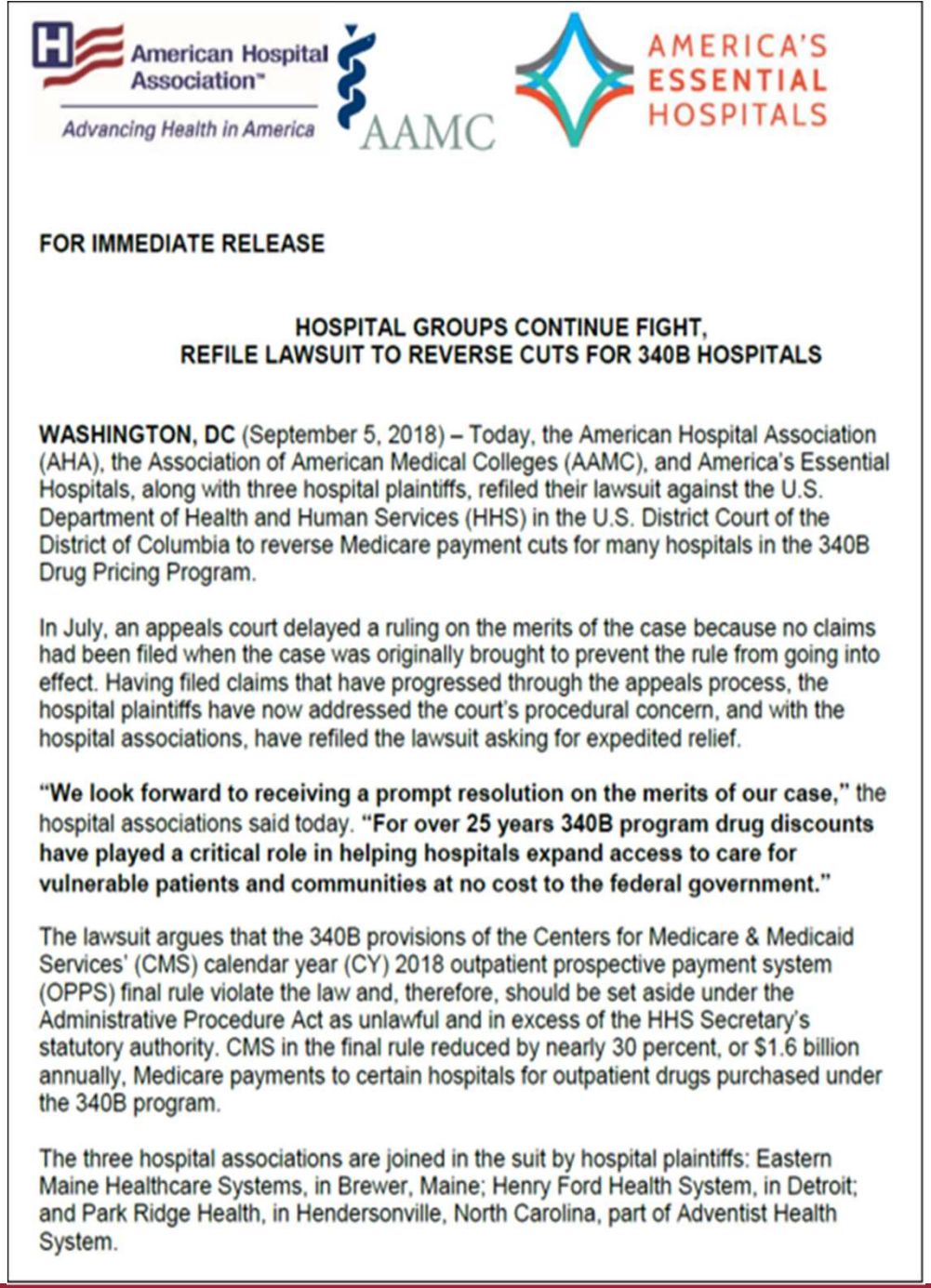

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AAMC
AMERICA'S ESSENTIAL HOSPITALS

FOR IMMEDIATE RELEASE

**HOSPITAL GROUPS CONTINUE FIGHT,
REFILE LAWSUIT TO REVERSE CUTS FOR 340B HOSPITALS**

WASHINGTON, DC (September 5, 2018) – Today, the American Hospital Association (AHA), the Association of American Medical Colleges (AAMC), and America's Essential Hospitals, along with three hospital plaintiffs, refiled their lawsuit against the U.S. Department of Health and Human Services (HHS) in the U.S. District Court of the District of Columbia to reverse Medicare payment cuts for many hospitals in the 340B Drug Pricing Program.

In July, an appeals court delayed a ruling on the merits of the case because no claims had been filed when the case was originally brought to prevent the rule from going into effect. Having filed claims that have progressed through the appeals process, the hospital plaintiffs have now addressed the court's procedural concern, and with the hospital associations, have refiled the lawsuit asking for expedited relief.

"We look forward to receiving a prompt resolution on the merits of our case," the hospital associations said today. **"For over 25 years 340B program drug discounts have played a critical role in helping hospitals expand access to care for vulnerable patients and communities at no cost to the federal government."**

The lawsuit argues that the 340B provisions of the Centers for Medicare & Medicaid Services' (CMS) calendar year (CY) 2018 outpatient prospective payment system (OPPS) final rule violate the law and, therefore, should be set aside under the Administrative Procedure Act as unlawful and in excess of the HHS Secretary's statutory authority. CMS in the final rule reduced by nearly 30 percent, or $1.6 billion annually, Medicare payments to certain hospitals for outpatient drugs purchased under the 340B program.

The three hospital associations are joined in the suit by hospital plaintiffs: Eastern Maine Healthcare Systems, in Brewer, Maine; Henry Ford Health System, in Detroit; and Park Ridge Health, in Hendersonville, North Carolina, part of Adventist Health System.

Legal Fight Continues in Federal Court

- Court July 17 dismissed case on a procedural ground: failure of presentment
- Decision was **NOT** made on the

  merits of the case
- **Refiled September 5**

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Another Lawsuit

- ACA provisions developed in response to OIG reports of drug company overcharges:
  - Authorize HHS to issue regulations defining ceiling prices
  - Direct that those prices be posted on the internet
  - Require HHS to issue regulations to impose Civil Monetary Penalties for noncompliance in 180 days
- Regulations have been delayed 5 times, most recently on June 5
- AHA, AAMC, 340B Health and AEH filed lawsuit September 11 challenging most recent delay as unreasonable and arbitrary and capricious

340B HEALTH

AMERICA'S ESSENTIAL HOSPITALS

AAMC
Tomorrow's Doctors, Tomorrow's Cures®

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Congressional Update

- **Senate HELP Committee**
  - Held several hearings
- **House Energy and Commerce Committee**
  - Held multiple hearings
  - Released reports
  - Legislation considered to modify program
  - Mark-up in September?

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Senate vs. House Approach to the Program

"There is a difference between defining how they (hospitals) spend the money and our asking them to tell us how they spend the savings. My inclination would be to say as long as we know what they are doing and it looks to us like it is within the broad goal of the law that it be unnecessary for us to write a narrow definition about how hospitals and clinics should spend the money."
- HELP Chairman Lamar Alexander

"Because the 340B Program does not specify how program savings must be utilized by a covered entity, many have questioned whether or not all covered entities are sufficiently transparent with how their participation in the program ultimately benefits patients."
- E&C Chairman Greg Walden

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Key Messages

- The 340B program is working as intended.
- Any additional regulatory burden would do nothing to enhance access to care for communities and patients, but rather would reduce the size of the program, putting access to care at risk and more dollars in drug manufacturers' pockets.
- The real transparency that is needed is on drug manufacturers, as required by the ACA but never implemented.
- The 340B savings are drug manufacturer dollars, not taxpayer dollars.

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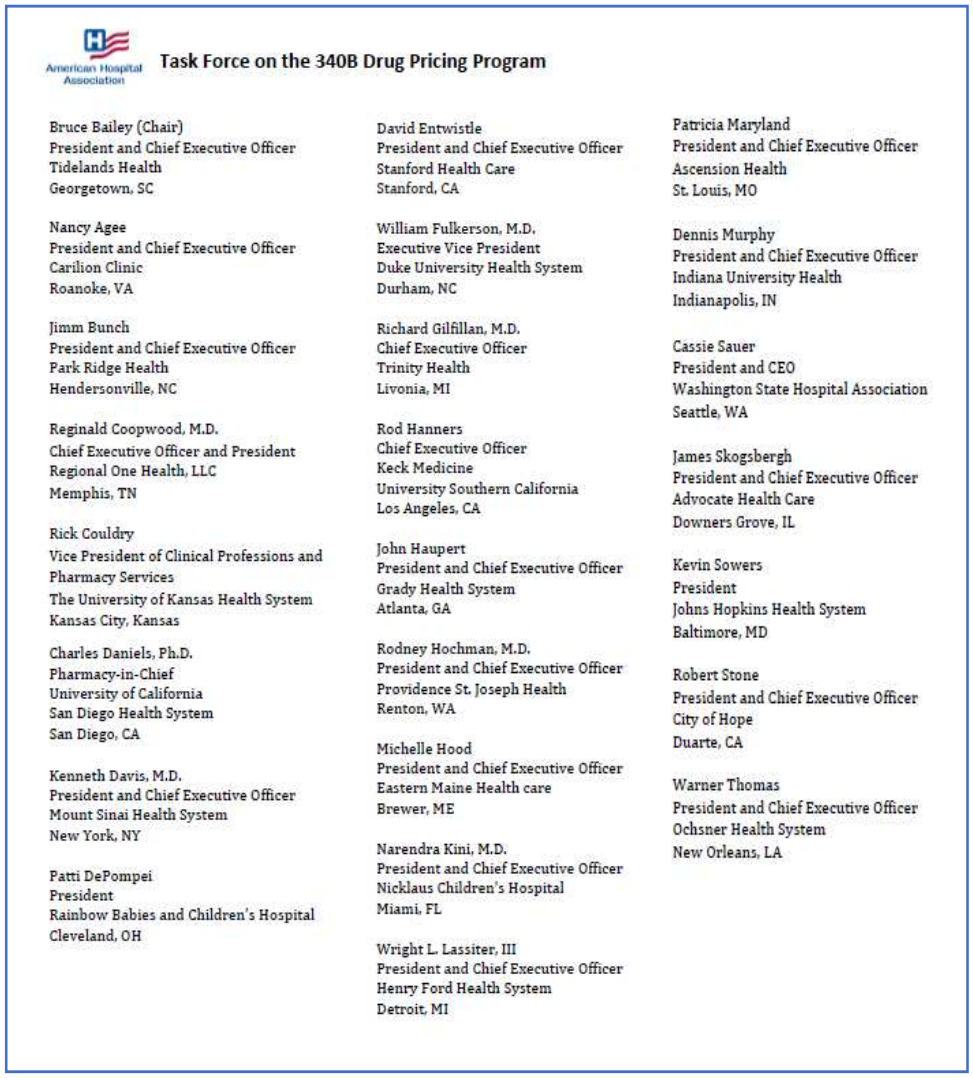
Engaging Members – Task Force on 340B



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Task Force on the 340B Drug Pricing Program

Bruce Bailey (Chair)
President and Chief Executive Officer
Tidelands Health
Georgetown, SC

Nancy Agee
President and Chief Executive Officer
Carilion Clinic
Roanoke, VA

Jimm Bunch
President and Chief Executive Officer
Park Ridge Health
Hendersonville, NC

Reginald Coopwood, M.D.
Chief Executive Officer and President
Regional One Health, LLC
Memphis, TN

Rick Couldry
Vice President of Clinical Professions and Pharmacy Services
The University of Kansas Health System
Kansas City, Kansas

Charles Daniels, Ph.D.
Pharmacy-in-Chief
University of California
San Diego Health System
San Diego, CA

Kenneth Davis, M.D.
President and Chief Executive Officer
Mount Sinai Health System
New York, NY

Patti DePompei
President
Rainbow Babies and Children's Hospital
Cleveland, OH

David Entwistle
President and Chief Executive Officer
Stanford Health Care
Stanford, CA

William Fulkerson, M.D.
Executive Vice President
Duke University Health System
Durham, NC

Richard Gilfillan, M.D.
Chief Executive Officer
Trinity Health
Livonia, MI

Rod Hanners
Chief Executive Officer
Keck Medicine
University Southern California
Los Angeles, CA

John Haupert
President and Chief Executive Officer
Grady Health System
Atlanta, GA

Rodney Hochman, M.D.
President and Chief Executive Officer
Providence St. Joseph Health
Renton, WA

Michelle Hood
President and Chief Executive Officer
Eastern Maine Health care
Brewer, ME

Narendra Kini, M.D.
President and Chief Executive Officer
Nicklaus Children's Hospital
Miami, FL

Wright L. Lassiter, III
President and Chief Executive Officer
Henry Ford Health System
Detroit, MI

Patricia Maryland
President and Chief Executive Officer
Ascension Health
St. Louis, MO

Dennis Murphy
President and Chief Executive Officer
Indiana University Health
Indianapolis, IN

Cassie Sauer
President and CEO
Washington State Hospital Association
Seattle, WA

James Skogsbergh
President and Chief Executive Officer
Advocate Health Care
Downers Grove, IL

Kevin Sowers
President
Johns Hopkins Health System
Baltimore, MD

Robert Stone
President and Chief Executive Officer
City of Hope
Duarte, CA

Warner Thomas
President and Chief Executive Officer
Ochsner Health System
New Orleans, LA

Task Force Meetings

- May 2
- May 22
- June 28
- July 19

Task Force Work Products

- 340B Draft Good Stewardship Principles
- Tools and Templates

Engaging Members – Development of Principles

- **Board-level AHA Task Force on the 340B Drug Pricing Program**
- **Built on the work of informal AHA advisory group**
- **340B hospital structure policies and practices to demonstrate commitment to:**
  - Communicate Value of the 340B Program
  - Disclose 340B Estimated Savings
  - Perform Rigorous Internal Review
- **Member Webinar September 13 / replay coming**
- **Press Conference September 18**

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The 340B Drug Savings Program

For 25 years, the 340B program has provided hospitals with financial help to expand access to life-saving prescription drugs and comprehensive health care services to low-income and uninsured individuals in communities across the country.

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. 340B hospitals use the savings they receive on the discounted drugs and reinvest them in programs that enhance patient services and access to care, as well as provide free or reduced priced prescription drugs to vulnerable patient populations.

The AHA Advocacy Alliance for the 340B Drug Pricing Program works to promote the value the 340B program provides to patients and communities and to oppose any efforts to scale back the program. Through email communications, conference calls and special briefings, the AHA 340B Advocacy Alliance keeps hospitals informed about the latest news and developments on the program, as well as actions hospital leaders can take to support the program.

www.aha.org/340b

Call to Action: Hospitals' Commitment to Good Stewardship Principles for the 340B Program

Join the 340B AHA Advocacy Alliance

Sign the Commitment

340B Drug Savings Program Tools & Resources

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Pushing Back

Insights & Analysis

AHA: The only thing transparent about PhRMA is their attempt to blame others for rising drug prices

The latest Pharmaceutical Research and Manufacturers of America report is an "obvious attempt to divert attention away from a problem of their own making: skyrocketing drug prices," AHA said today in a blog post. "The higher prices that drug manufacturers demand have caused immense hardships for many patients, their families, and the providers who care for them." Read more.

Nearly 1 in 5 Hospitals Marks Up Medicine Prices at Least 700 Percent

A 700 Percent Markup Could Result in Patients Being Billed $1,050 for a $150 Medicine

PhRMA September 5, 2018

POLITICOPRO

**** A message from PhRMA:** According to a new analysis , nearly one in five hospitals mark up medicine prices 700% or more. Even worse, 320 hospitals in the study marked up prices more than 1000%. These hospital markups lead to higher costs for everyone — patients, employers and payers. ****

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AHAPAC

$2.358 million goal in 2018

Partnership with State Associations

Disbursement Strategy Based on Variety of Factors…
Support for Hospital Agenda, Committee Assignment, Leadership Position, Member Input, Election Outlook, Etc.

Building System for Future
- **Updated Communications, Relevance to Advocacy/Policy/ Patients,**
- **Digital Improvements – Education, Solicitation, Contribution**

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Physician Fee Schedule Proposed Rule

- Proposed collapse of E/M payment rates for Levels 2-5 visits
  - Add-on codes, separate podiatry codes also proposed
  - Corollary proposal: Default to Level 2 documentation requirements
- Proposed MIPS changes
- Appropriate use criteria

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MSSP: ACOs – Pathways to Success Rule

- Proposed redesign of Medicare Shared Savings Program
  - New tracks
  - Differentiated options by ACO characteristics
- If finalized, would be harder for “high-revenue” ACOs to achieve savings
- Other proposals include less time for upside-only risk, fewer shared savings, and refinements to benchmarking methodology

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Reg Relief Ask	Status: Dec. 2016	Status: Dec. 2017	Status: Sept. 2018
Stark Exception for Value-Based Payment Arrangements			
Readmission Adjustment for SES			
Hospital-based Physician Reporting in MIPS			
Employ Risk Adjustment Rigorously, including SES Adjustment in MIPs			
Align Hospitals and Physician EHR Reporting Requirements for MIPS with Hospital Requirements for MU			
Increase the Number of Alternative Payment Models that Qualify under MACRA			
Use Only Measure that Truly Matter			
Flexibility for Shared Treatment Space to Address Gaps in Patient Access to Care			
Cancel Stage 3 of the "Meaningful Use" Program			
Clarify Medicaid Payment Policies Regarding Justice-involved Individuals Receiving Inpatient Care			
Delay Payment Impact and Reduce Burden of Appropriate Use Criteria (AUC)			
Eliminate Regulatory Barriers for and Alternative Payment Models (APMs)			
Eliminate Second Important Message from Medicare			
Eliminate the Observation Hours Carve-out Policy			
End Onerous Home Health Agency Pre-claim Review Demonstration			
Examine IRF '60% Rule'			
Halt use of Encounter Data to Formulate MA Risk Scores			
Improve Consistency and Accuracy of IRF 'Three-hour Rule' Enforement			
Issue a Permanent Enforcement Mortorium on Direct Supervision Requirements			
Issue a Permanent Enforcement Mortorium on the '96-hour' Rule			
Make Future Bundled Payment Programs Voluntary			
Modify CoPs to Allow Hospitals to Recommend Post-acute Care Providers			
Permanently Eliminate Unfair Long-term Care Hospital (LTCH) Regulation			
Postpone and Re-evaluate Post-acute Care Quality Measure Requirements			
Preserve Medicaid Supplemental Payments in Managed Care			
Promote Transparency/Timeliness for Development and Release of Interpretive Guidance			
Reduce Burden Associated with Validation Surveys			
Remove Faulty Hospital Quality Measures			
Remove the Mandatory Free-text Field from the Medicare Outpatient Observation			
Require Formal Reciprocity Arrangements for Medicaid Provider Enrollment and Screening			
Rescind "JW Modifier" Requirement for Certain Drug Claims			
Restore Compliant Codes for Inpatient Rehabilitation Facility (IRF) 60% Rule			
Revise the RAC Contracts to Incorporate a Financial Penalty for Poor Performance			
Stop Federal Agency Intrusion in Private-sector Acreditation Standards			
Suspend Electronic Clinical Quality Meansures (eCQM) Reporting Requirements			
Suspend Hospital Star Ratings			
Undo Agency Over-reach on So-called "Information Blocking"			
Withdraw Final rule on Medicaid DSH Third-Party Payments			
Withdraw Proposed Mandatory Part B Drug Demonstration			
Expand Medicare Coverage of Telehealth Services			

Progress on Regulatory Relief

- 2018 Movement on:
  - Stark exception for VBP arrangements
  - Elimination of 25% rule
  - Removing faulty hospital quality measures
  - Aligning physician and hospital EHR reporting requirements with greater flexibility
  - Allowing treating providers to access patients' substance abuse disorder treatment records (Congressional)

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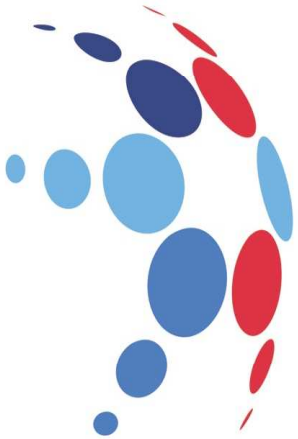

AHA CENTER FOR HEALTH

INNOVATION

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IMPORTANCE OF INNOVATION

Why is innovation important in hospitals and health care?

Innovation activities can:

- Drive improvements in care coordination and the transformation of the health care delivery system
- Make health care more efficient and will play a key role in addressing the issue of affordability

AHA Chair Spotlight:

"Fostering a culture of innovation is key as the hospital field moves forward in this era of transformation. It will create novel and efficient systems of care, scientific discoveries and an improved relationship with consumers. Responsibly investing in promising ideas and technologies ultimately will improve care and affordability."

– Nancy Agee, President and CEO, Carilion Clinic, 2018 AHA Chair

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DEMAND FOR HEALTH CARE INNOVATION IS HIGH.

We need game-changing breakthroughs to improve outcomes, enhance value, and redefine health and well-being. It's not only inspiring to have big ideas and bold approaches, it's never been more necessary than now.

AHA CENTER FOR HEALTH
INNOVATION

Where forward-thinkers go to lead, connect, and transform the future of health care.

Learn more at
www.aha.org/center.

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WHAT DOES THE CENTER DO?

Leading, connecting,and transforming the future of health care.

The AHA Center for Health Innovation:

Helps members drive high impact innovation and transformation

- ✓ Market intelligence
- ✓ Key insights
- ✓ Targeted education
- ✓ Actionable data
- ✓ Tools addressing members' unique context to advance health

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WHAT DOES THE CENTER PROVIDE?

The Center encompasses a team of integrated, focused and efficient professionals spotlighting member priorities, actionable assistance, and optimizing member performance.

The Center Provides:

Market Intelligence

- ✓ Insights and reports
- ✓ Disruptive innovation and new entrants

Education and Learning

- ✓ Dissemination of leading practices
- ✓ Developing knowledge capital and leadership competencies in the field
- ✓ Toolkits, virtual learning and collaboratives

Products and Services

- ✓ Biz development and strategic B2B
- ✓ New partnerships
- ✓ Unique advisory

Data and Applied Research

- ✓ Data analytics
- ✓ Implementation science

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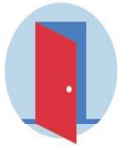
WHAT IS THE FOCUS OF THE CENTER?

The multifaceted challenges of a growing health care system demands innovative solutions and collective action.

Priorities Align With The AHA Path Forward and Playbook



Access: Access to affordable, equitable health, behavioral and social services

Value: The best care that adds value to lives

Partners: Embrace diversity of individuals and serve as partners in their health

Well-being: Focus on well-being and partnership with community resources

Coordination: Seamless care propelled by teams, technology, innovation and data

- Affordability
- Performance Improvement
- Population Health
- New Delivery Models
- Emerging Issues
- Innovation Capacity

HELPING MEMBERS TO SUCCEED

The Center focuses on the most critical issues to help members build the capacities and competencies they need to succeed.

Measures of Success

- **Engagement:** Awareness, use of offerings & actionable intelligence, ease of use/less friction
- **Qualitative:** Comments, feedback & satisfaction regarding the work of the Center
- **Efficiency Measures:** Reduce duplication, leverage resources, increase cost efficiency
- **Financial Growth:** Proactive entrepreneurship and diversification of revenue sources

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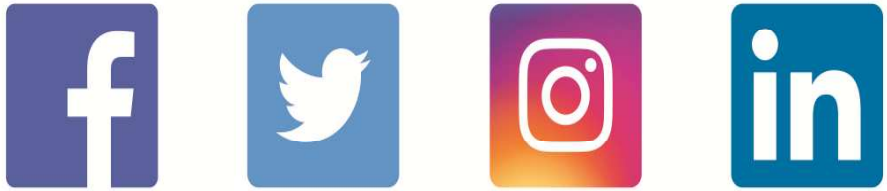
Connect and learn more about the AHA Center for Health Innovation at

www.aha.org/center



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