



North Dakota Hospital Association

Vision

The North Dakota Hospital Association will take an active leadership role in major Healthcare issues.

Mission

The North Dakota Hospital Association exists to advance the health status of persons served by the membership.

Industry, Business, and Labor Committee

August 3, 2010

Chairman Keiser, and members of the Industry, Business, and Labor Committee, I am Tim Blasl, Vice President of the North Dakota Hospital Association. I am here today to provide you an update on the Federal Health Care Reform bill.

Based on prior committee meetings I've submitted written testimony on key hospital concerns within the bill whether positive or negative for hospitals. Please find below issues North Dakota hospitals support and issues we continue to work on.

Hospitals Support

- Frontier States Amendment
- Expanding coverage to 32 million more Americans through public programs and private sector health insurance.
- Insurance Reform
- Delivery System Pilot Programs
 - Align reimbursement with quality care provided
- Workforce and Graduate Medical Education
 - Grants and loans to enhance education and training
- Free Preventative Care under Medicare

Hospital Reductions

- Annual CMS inflationary updates
- Hospital Acquired Conditions
- Hospital Readmissions

Today, I've been asked to address the following issues related to Health Care Reform:

- Impact to hospitals regarding the Inpatient Readmissions policy
- Financial Impact of Health Reform on North Dakota Hospitals

Hospital Readmissions

Beginning in Federal Fiscal Year 2013, inpatient hospitals with higher-than-expected readmission rates will experience decreased Medicare payments for all Medicare Discharges. The policy is designed to encourage appropriate-length hospital stays, as well as quality care after discharge.

A hospital with actual readmission rates higher than their Medicare-calculated expected readmission rates will be reduced by an adjustment factor.

CMS will be reviewing all inpatient admits related to heart attack, heart failure, and pneumonia. If a patient is admitted for one of the conditions above and then readmitted for "any" service within 30 days, the hospital does not get reimbursed for the service provided. The reduction in payments to hospitals across the country will amount to \$7.1 billion over ten years.

We disagree with the approach laid out in the Health Care Reform bill. A policy to reduce readmissions should address only avoidable hospital readmissions related to the original admission, and include necessary exceptions. The bill needs to be amended to, at a minimum, provide necessary exceptions. Our association continues to work with the American Hospital Association to change this new policy.

Frontier States Amendment

This "Frontier States" amendment contained in the Health Reform bill will provide additional reimbursement for North Dakota hospitals and physicians. A state qualifies if 50% of the counties in the state have a population of less than 6 per square mile. Currently, North Dakota, South Dakota, Wyoming, Montana, and Utah qualify.

This provision will provide \$650 million in additional reimbursement over the next ten years. Please remember the number above is based on rates currently set today. So, if we compare the next ten years to the rates set today the impact would be \$650 million.

The Health Reform bill does contain adjustments that will decrease reimbursement to hospitals. I've listed just a few on page one of my testimony. Please remember the \$650 million will be offset by other decreases contained in the reform bill. Based on our analysis, the estimated impact of Health Care Reform on North Dakota hospitals will be \$260 million.

Mr. Chairman and members of the committee thank you for this opportunity to testify and I will be glad to answer any questions at this time.