

Friday, January 13, 2012

NEED ACTION FROM...	<i>Hospital leaders</i>
ACTION...	<i>Urge your legislators to reject proposals to cut hospital payments, extend key programs</i>
WHEN...	<i>Immediately</i>
HOW...	<i>Call or e-mail your legislators</i>
WHY...	<i>Two-month extension of physician payment fix, other provisions expire Feb. 29</i>

URGE CONGRESS NOT TO CUT PAYMENTS FOR HOSPITAL SERVICES

Key extensions also hang in the balance

Congress returns next week to a great deal of unfinished business.

Before the end of 2011, the House and Senate passed a two-month extension of the Social Security (SS) payroll tax holiday and emergency unemployment insurance (UI) benefits, along with a two-month extension of current Medicare physician payment rates, thereby preventing a 27.4 percent cut to Medicare physician payments that was scheduled to take effect Jan. 1. The bill also included extensions of the so-called health care "extenders" that were set to expire last year for an additional two months.

As part of the year-end legislative agreement, the House and Senate appointed conferees to negotiate passage of final legislation before Feb 29. Consequently, as Congress returns, it is again under pressure to identify offsets to finance the SS tax holiday, emergency UI benefits, and physician payment fix for the remainder of the year; and cuts in payments for hospital services are again on the table.

During December's negotiations, issues of serious concern to hospitals in play included:

- Reductions in payments to hospitals for assistance to low-income Medicare beneficiaries (bad debt);
- Reductions in payments for evaluation and management (E/M) services provided in hospital outpatient departments;
- Extending the current cap on therapy services - and the exceptions process to it - to those services provided in hospital outpatient departments (this currently applies only to services provided in nursing homes and other freestanding settings);
- Significantly weakening the prohibition on the establishment of new physician-owned specialty hospitals, and relaxing the restrictions for growth on those that exist; and
- Providing the Centers for Medicare & Medicaid Services with new authority to make additional across-the-board cuts to Medicare inpatient hospital rates through the use of retrospective coding adjustments for fiscal years 2010, 2011 and 2012.

These critical issues, and others, will still be on the table when Congress returns. And given that this is an election year for this deeply divided Congress, the final bill may represent the only legislation to address Medicare issues before the election.

ACTION NEEDED

Please contact your representative and senators and urge them to reject cuts to Medicare payments for hospital services as part of any final agreement to extend the SS tax holiday, UI benefits and physician fix. We are supportive of eliminating the planned cuts to physicians under Medicare, but not by reducing payments to hospitals.

Hospitals already are facing reductions to Medicare and Medicaid payments. As a result of the sequestration included in the *Budget Control Act of 2011*, reductions in Medicare payments to hospitals and other providers of 2 percent per year over nine years will take effect beginning in 2013. This comes in addition to reductions hospitals are already absorbing as a result of state belt-tightening and other federal legislative and regulatory changes. Additional cuts would be devastating to hospitals and the patients and communities they care for. **[Click here \(www.aha.org/content/12/12factsheet-absorbingcuts.pdf\)](http://www.aha.org/content/12/12factsheet-absorbingcuts.pdf) for a factsheet explaining these reductions in more detail.**

We also have provided a [list](#) of alternative options to reducing hospital payments for policymakers to consider. Please share these ideas with your legislators.

In addition, we've created factsheets on the various proposed reductions that you can use when speaking with your legislators to explain not only why these proposed cuts are bad policy, but the impact they would have on your patients and community if enacted. We've also provided factsheets on several critical Medicare policies we hope to see enacted this year, which may be appropriate to raise during the conference deliberations. **[Click here](#)** to download the fact sheets.

Watch for more information from the AHA in the weeks ahead, including information on special members-only webcasts and Advocacy Days in Washington, D.C.

**Call 1-800-424-4301 or visit www.aha.org
to let us know how your Hill contacts go ... thanks!**