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Obama Administration's regulatory reductions to save health care system nearly \$1.1 billion

Scaling back outdated rules is part of Administration's effort to cut red tape

New proposed rules released today by the Centers for Medicare & Medicaid Services would reduce unnecessary, obsolete, or burdensome regulations and save hospitals and healthcare providers nearly \$1.1 billion each year and over \$5 billion over 5 years. The new proposals regarding the rules for hospitals that treat Medicare and Medicaid patients were developed in response to President Obama's call on all Federal agencies to eliminate burdensome and unnecessary regulations.

"The President and I have challenged agencies to hunt down burdensome regulations," said Vice President Joe Biden. "Today's steps will remove outdated, duplicative, unnecessary burdens on hospitals - saving money and improving care."

"President Obama has been clear: it's time to cut the red tape," said HHS Secretary Kathleen Sebelius. "Our new proposals eliminate unnecessary and obsolete standards and free up resources so hospitals and doctors can focus on treating patients."

CMS proposed two sets of regulatory reforms today, and finalized a third. All are designed to improve transparency and help providers operate more efficiently by reducing their regulatory burden. One set proposes to update the rules for hospitals that treat Medicare and Medicaid patients -- the Medicare Conditions of Participation. As an example, the proposed reforms would consolidate patient care plans and eliminate outdated requirements for hospital management. This could save hospitals over \$900 million per year and perhaps grow to much more over time as hospitals increasingly use this new flexibility.

The second set of reforms address regulatory requirements for providers other than hospitals and could save up to \$200 million in the first year. The rule would identify and begin to eliminate duplicative, overlapping, outdated, and conflicting regulatory requirements for healthcare providers and suppliers such as end-stage renal disease facilities and durable medical equipment suppliers. Examples of these reforms include updating obsolete e-prescribing technical requirements to meet current standards and eliminating other out-of-date and overly prescriptive requirements for healthcare providers.

CMS is also finalizing a third rule that reduces regulatory burden for ambulatory surgical centers (ASCs), which is expected to save ASCs \$50 million per year. This rule makes common-sense changes to the requirements ASCs must follow in order to meet Medicare and Medicaid health and safety standards.

These regulatory reforms are just one part of a wide-ranging effort by the Obama Administration to improve the quality of health care and lower costs for all Americans, using important new tools provided by the Affordable Care Act. These efforts include the National Quality Strategy and the Partnership for Patients. These initiatives aim to reform the health care delivery system and bring together both private and public sector partners to keep patients from getting injured or sicker in the

health care system and to improve transitions between care settings. CMS intends to invest up to \$1 billion to help drive these changes through the Partnership for Patients initiative. And beginning in FY 2013, for the first time, the Hospital Value-Based Purchasing program authorized by the Affordable Care Act will pay hospitals' inpatient acute care services based partially on care quality, not just the quantity of the services they provide.

To view the proposed and final rules, please visit: www.ofr.gov/inspection.aspx.

Both proposals invite the public, including doctors, hospitals, patient advocates, and other stakeholders, to comment. To submit a comment, visit www.regulations.gov, enter the ID number CMS-9070-P or CMS-3244-P, and click on "Submit a Comment."

For additional information on these and other Conditions of Participation, visit http://www.cms.gov/CFCsAndCoPs/01_Overview.asp

For additional information on the Department of Health and Human Services overall Plan for Retrospective Review of Existing Rules, visit http://www.hhs.gov/open/execorders/13563/hhs_final_retrospective_review_plan_8-19-11_4.pdf.

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