2013 Priority Messages for California Hospitals

The Hospital Story

Protecting access to care for all who need it will be compromised by additional cuts to health care providers. California’s hospitals are integral members of their community’s physical and fiscal health—they are caregivers and employers. The financial challenges imposed by reductions in payments from state and federal programs, increasing numbers of uninsured and underinsured patients, unfunded mandates and investing in life-saving technology are daunting indeed. California’s hospitals remain committed to necessary delivery system reforms, quality improvement, training tomorrow’s health care professions and doing so cost effectively. California hospitals must have the resources necessary to meet the needs of their communities and are absorbing more than $1 billion in payment reductions over the last two years and are planning for an additional $22 billion in cuts through 2022. MedPAC estimates hospitals will have a negative 6 percent overall Medicare margin in 2013, as payments continue to decline and do not cover the cost of caring for beneficiaries. CHA opposes further reductions to Medicare and Medicaid payments including efforts to:

- Cut payments to graduate medical education;
- Cut payments to rural hospitals, including critical access hospitals;
- Cut payments to hospitals for care provided to low-income Medicare patients (bad debt);
- Limit states’ use of Medicaid provider taxes;
- Cuts to payments to outpatient departments for patient evaluation and management services and potentially patient care as well; and
- Cut payments to post-acute care providers.

Protect the Health Care Safety Net

Both public and private safety-net hospitals depend on a patchwork of state and federal programs that enable them to care for California’s poor and underserved populations. While hospitals await the promise of expanded access to health insurance, safety-net hospitals will continue to struggle to meet their communities’ needs because of significant payment shortfalls, planned cuts to future payments and the fact that many patients will remain underinsured or uninsured.

The Recovery Audit Contractor Program Needs Improvement

California’s hospitals recognize the need for careful payment review to protect the integrity of the Medicare program. However, the flood of audit contractors has resulted in a surge of redundant audits, unmanageable medical record requests and erroneous payment denials. Further oversight is needed to ensure auditing efforts are accurate, timely, transparent and administratively reasonable. The Medicare Audit Improvement Act of 2013, H.R. 1250, would correct the shortcomings of the RAC program and require that a physician validate whether a denial is warranted when a non-physician auditor identifies a potential denial. It would also reduce administrative burdens and allow hospitals to direct their resources where they are better suited — providing care to patients.

Hospitals are Prepared to Care

Hospitals are here for patients and their communities 24/7, especially in times of natural or other disasters. The Hospital Preparedness Program (HPP) helps hospitals be prepared for the worst—and, as our colleagues in Boston and Texas have demonstrated, we never know when they will be called on.

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