


**GEORGIA BIO**


**IMPACT OF HEALTHCARE  
REFORM LEGISLATION**

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**PAYMENT AND DELIVERY REFORM**

**Provisions of the Law Affecting Hospital  
Reimbursement:**

1. DHS Payments. Starting FY 2013, Disproportionate Share Hospital Payments to states may be significantly reduced, depending on when levels of “uncovered individuals” in a state are 45% less than “uncovered individuals” in that state in FY 2009
2. Market Basket Updates. Starting in FY 2010 and 2011, there will be a reduction in market basket updates for hospitals – there is a possibility of a “give back” in 2014-2019 if the non-elderly insurance population is greater than 5% below projections for such year



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PAYMENT AND DELIVERY REFORM

**Provisions of the Law Affecting Hospital Reimbursement:**

3. Productivity Adjustment. Beginning in 2012, CMS would implement a full productivity adjustment for hospitals.
4. Hospital Wage Index Improvement. Reclassifications for average hourly wage date will be included in a hospital's wage index only if it results in a higher applicable reclassified wage index.



Payment and Delivery Reform

WHAT IS THE CATCH PHRASE?


“BENDING THE COST CURVE”



Payment and Delivery Reform

WHAT ARE THEY ALSO TRYING TO DO?

“BEND THE QUALITY CURVE”




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**Immediate (2010) Initiatives**

1. Community Transformation Grants
2. Medicaid Global Payment System Demonstration Project



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**Longer Term Payment Initiatives**

1. Grants to “Community Based Collaborative Networks”
2. Medicare Shared Savings Program (ACOs)
3. Hospital “Value-Based” Purchasing Program
4. Hospital Re-admissions Reduction Program
5. National Pilot Program on Payment Bundling
6. Payment Adjustment for Conditions Acquired in Hospitals



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**Statutorily-Mandated Strategic Initiatives**

1. National Strategy for Improvement in Healthcare
2. Establishment of Center for Medicare and Medicaid Innovation within CMS




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**Other**
**1. Appointment of New CMS Administrator**

- Donald M. Berwick
- Professor, Harvard Medical School and School of Public Health
- President, Institute for Healthcare Improvement
- Focus in work on reducing medical errors, improving quality, reducing costs



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**Other (cont'd)**
**2. Realignment of CMS**

- Created a new “office”: Office of External Affairs and Beneficiary Services
- Created four new “Centers”:
  - Center for Medicare
  - Center for Medicaid, CHIP and Survey & Certification
  - Center for Program Integrity
  - Center for Strategic Planning
- Greater emphasis within CMS on
  - Program integrity
  - Innovation, research and demonstration projects, with capability to implement on a broad scale.

