



AAHAM LEGISLATIVE DAY 2016 POSITION PAPER DISCUSSION POINTS

HIP ACT

The implementation of the Affordable Care Act (ACA) changed many of the processes regarding healthcare, creating a larger debate on healthcare systems and their efficiency. Through this debate, many issues have been uncovered with various aspects of Medicare, especially about payment.

The HIP Act has been created in response to many of these issues that exist with the current Medicare payment systems such as the issues between payment systems, the current definitions of a short stay, the problems associated with the two-midnight policy, and reform to the Recovery Audit Contractors (RAC) program. In addition, the HIP Act includes 19 different “Ways and Means Member Hospital Priorities” provisions that have been evaluated by committee staff.

- The HIP Act aims to fix the issues between payment systems. There are currently 2 regulatory proposals used by the Centers for Medicare and Medicaid Services (CMS) for reimbursement; the inpatient prospective payment system (IPPS) and the outpatient prospective payment system (OPPS).
 - Each of these systems reimburses in different ways, using different code systems that cannot be interchanged.
 - Therefore, hospitals must know both coding systems and both payment systems in order to receive Medicare reimbursement.
 - This system is inefficient for hospitals and leads to potential misleading incentives between programs.
- The HIP Act addresses problems associated with Medicare’s Two-Midnight policy.
 - The Two-Midnight policy was created by the CMS in 2014 to clarify the previous Medicare short stay policy.
 - To replace the Two-Midnight rule, the HIP Act would create a transitional policy for 2016-2019 and then a new hospital prospective payment system (HPPS), a long-term short stay policy to be established by 2020. With this replacement, the 0.2% reduction by the CMS to the IPPS baseline would be repealed.
- The definition of a “short-stay” would be redefined as an actual length of stay less than 3 days that is classified to an MS-DRG with a national average length of stay which is less

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- The policy defines an inpatient stay that is “reasonable and necessary” when a patient is treated in a hospital for two or more midnights. The problem with this is that there are instances in which a stay is mischaracterized causing issues to payments received.
- The Secretary of Health and Human Services (HHS) can expand this definition to include a larger subset of inpatient short-term discharges after 2017.
- In response to the issues regarding the RAC system; the Act extends the current moratorium for RAC audits of short inpatient stays, requires the Secretary of Health and Human Services (HHS) to report all RAC data to the public and create a RAC compare website, and it reduces the RAC look back period from four to three fiscal years and gives providers and suppliers 30 days to discuss any reviewed claim before a denial is issued.
- The HIP Act includes a voluntary opportunity for providers to settle claims that are pending at the Administrative Law Judge (ALJ) level and it mandates hospitals provide financial information with respect to what coinsurance and copayments are collected for the 50 most common Diagnosis Related Groups (DRGs).
- The HIP Act requires hospitals (starting Oct. 1, 2018) to report to the HHS Secretary standardized patient assessment data, including information regarding medical conditions and functional status, comorbidities, cognitive function, and their living situation and access to family caregivers at home, any hospital that does not report the required data will have its payments reduced by 2%.
- Section two of the Act contains 19 individual legislative proposals.
 - Such proposals include a repeal of the current moratorium on physician-owned hospitals;
 - The creation of a voluntary demonstration program for hospitals to study ways to improve hand sanitation and calls for reporting of a new national hand sanitation quality measure;
 - A requirement that hospitals inform Medicare beneficiaries, who are on outpatient observation status, that they are not being treated as inpatients and their time in the hospital may not qualify them for Skilled Nursing Facilities (SNF) care, among others.