



Policy Brief

August 5, 2022



Reconciliation Package Discussions

Congress is negotiating another reconciliation package, named the [Inflation Reduction Act of 2022](#), to meet the current October 1st [deadline](#). Congress' [discussion](#) has included climate change provisions, subsidies to lower ACA marketplace premiums for two years and capping drug prices. This bill is [estimated](#) to reduce the budget deficit by \$300 billion. It is being actively negotiated and changes to the final legislation are anticipated.

How do the current reconciliation discussions look?

There are many proposals being made for the Reconciliation package and Democrats will need to stay united in order to move the legislation through the Senate. Senator Joe Manchin has stated that he [supports](#) this deficit reduction package. Senate Minority Leader Mitch McConnell (R-KY) was also attempting to sway included provisions by [threatening](#) to kill other legislation, such as the Chips and Science bill meant to bolster U.S. competitiveness with China. While it is unclear when the Senate will be taking up the [package](#), President Biden is continuing to it to business and labor stakeholders.

What are the key provisions in the package?

A key Democratic priority is to allow Medicare to negotiate prescription drug prices, cap out-of-pocket costs and limit drug company price increases. Senator Manchin (D-WV) initially showed [reluctance](#) to extending ACA subsidies to lower insurance premiums on the marketplaces but has

since [expressed](#) his support. Most recently, Democrats have agreed that the package will include [climate change](#) and tax provisions. An example of the tax proposals being discussed are increasing [taxes](#) on corporations and people earning more than \$400,000 a year to [extend](#) the solvency of Medicare by three years.

What are the next steps?

Discussions are not expected to resume until the end of August recess. While the [deadline](#) for the Reconciliation Package is October 1st, it is very likely that this deadline will change. Provisions not included in the final package could still be included in the lame duck session at the end of the year.



We Have a Shortage, and It's Not Toilet Paper...

Under the continued weight of the pandemic, hospitals across the nation continue to struggle with [staffing shortages](#) and increased provider burnout. As of July 22nd, hospitals in [nearly 80%](#) of states reported critical staffing shortages. Coupled with a rising influx of patient volume and a lack of inpatient beds, shortages in health care's [most precious resource](#) could be bordering on a national crisis in public health.

Which clinical disciplines are facing the steepest shortages?

Registered nurses face average national [turnover rates](#) ranging between 8.8%-37%. Studies also project that there will be an estimated shortage of [10.6 million](#) nurses by 2030. According to a [study](#), more than one-third of nurses said they were “very likely” to leave their jobs by the end of 2022.

A physician [shortage](#) ranging from 37,800 to 124,000 physicians is also expected in the next 12 years. Below are examples of these projected shortages.

- **Orthopedics** has a higher-than-average lack of staff due to the rise in demand of orthopedic care and a [high rate](#) of retirement from experienced orthopedic surgeons.
- **Primary Care Physicians** are projected to need about [48,000 professionals](#) by 2034, making up a grand majority of the overall physician deficit.

- **Obstetricians and Gynecologists** face [staffing deficits](#) of up to 22,000 by 2050; health care already reached a need for 8,800 additional OBGYNs in 2020.
- **Anesthesia** has found a [massive shortage](#) of CRNA's and anesthesiologists, causing vast amounts of cancellations of elective surgeries.

Medical Laboratory Technicians (MLTs) are also experiencing shortages. The nation is expected to need between [20,000 and 25,000](#) more in the near future.

What factors are contributing to these shortages?

There are multiple factors contributing to the shortages. Our aging workforce continue to opt for early retirement, an issue that has been intensified by the traumatic experiences borne by many during the pandemic. Burnout and low morale are also major factors, along with differences in compensation. Before the pandemic, [25% of all clinicians](#) already reported burnout and dissatisfaction; these rates have jumped to approximately one-third since 2020. In some disciplines, burnout rates are [topping 50%](#).

How are health systems innovating to attract and retain talent?

Health care systems across America have found innovative ways to combat staffing shortages.

Below are a few examples of employee retention strategies:

- More health systems are investing in their nurse residency programs to attract and grow recent-graduate nurses.
- Benefits and compensation for new nurses have become more competitive, including better pay and “day-one” benefits.
- International recruitment has risen in popularity as health systems look abroad for talent.
- Many health systems have expanded their investment in scholarships to remove as many barriers to entry for future medical professionals as possible.



CMS Final Rules Payment Update: IPPS and SNF

The Centers for Medicare & Medicaid Services (CMS) was busy this week with the release of the [Skilled Nursing Facility \(SNF\)](#) and the [Inpatient Prospective Payment System \(IPPS\)](#) final rules. AHPA is pleased that many of our advocacy recommendations were adopted, and a summary of these rules will be shared in the next Policy Brief. CMS acknowledged in both rules that the proposed payment updates did not adequately reflect the current financial situation of providers and updated its proposals. Despite these positive changes, health care providers continue to face many payment reductions, which are outlined [here](#). Keep reading to learn more about the payment advocacy wins for AHPA.

IPPS Advocacy Wins

Original Proposal: CMS had proposed a 3.2% payment rate increase, but the combined operating and capital payments under the IPPS were projected to *decrease* by approximately \$400 million because of other policies included in the rule. AHPA did not support the proposed adjustment. It failed to account for rising inflation and labor costs due to staffing shortages.

Final Rule: CMS increased the operating payment rates to 4.3%, which reflects a 4.1 market basket update, an additional \$2.6 billion from its initial proposal. Other payment reductions in the rule, such as those for uncompensated care payments, can only be addressed by Congressional action.

SNF Advocacy Wins

Original Proposal: CMS had proposed a 4.6% parity adjustment offset to achieve budget neutrality in the Patient Driven Payment Model (PDPM), which would have resulted in a decrease of approximately \$320 million to SNFs in FY 2023 compared with FY 2022. AHPA advocated against this reduction and urged CMS to phase in the payment reductions over multiple years to lessen the impact on providers.

Final Rule: CMS decided to phase in the payment reduction, splitting the parity adjustment from 4.6% to 2.3%, which will then be applied in both FY 2023 and 2024.

AdventHealth Advises Senate on Organ Transplant Policy

The Senate Finance Committee heard testimony on Wednesday related to the procurement of organs. Senators [sharply critiqued](#) the United Network for Organ Sharing (UNOS)'s oversight of transplantation and testing. AdventHealth's Barry Friedman, Executive Director of the AdventHealth Transplant Institute, was invited to testify; he expressed his deep concern that the lack of stewardship at UNOS has created a system that lacks accountability, wastes organs eligible for transplant, and ultimately fails the patients and families we serve. Click [here](#) to read Mr. Friedman's written testimony or [here](#) to watch a recording of the full hearing.

Public Health Emergency Extended

HHS has [renewed](#) the COVID-19 public health emergency through October 13th. The renewal extends COVID-19-related flexibilities for another 90 days. After the PHE expires, telehealth flexibilities will be preserved for 151 days; HHS has [committed](#) to giving health systems 60 days' notice before the PHE is terminated or expires. The Agency cites increased COVID-19 hospitalizations due to the high transmissibility of the omicron subvariant.



Legislative and Regulatory Dates to Know: A Look Ahead

Date	Event
August	Release of final IPPS and post-acute care rules.
September 30th	Major Medicare programs expire, including: <ul style="list-style-type: none"> - Low-Volume Hospital Program - FDA user fees for prescription drugs and medical products - Behavioral health and other programs under the 21st Century Cures Act
November 8th	Midterm Congressional election
Early to Mid-November	Release of OPPS and PFS final rules
November 29th	Lame Duck session of Congress

January 1, 2023

Medicare Access CHIP Reauthorization Act (MACRA) [bonus](#) expires;
Enhanced Health Insurance Exchange subsidies expire



A Look at the Federal Register

Final Rule: *FY 2023 Inpatient Psychiatric Facility Prospective Payment System*

CMS finalized payment updates that will increase IPF payments by a net 2.5%, equivalent to \$90 million, in FY 2023. The 2.5% payment update reflects the rounded result of a 4.1% market basket update minus a 0.3 percentage point productivity adjustment, and a 1.2 percentage point cut for outlier payments. CMS also finalized its proposal to cap wage index decreases at 5% to mitigate instability in IPF PPS payments. CMS did not make any changes to the IPF Quality Reporting Program.



AHPA Resources

To read AHPA's summaries of current legislation and requests for information, click below:

- [Cures 2.0 Act | SAVE Act](#)
- [IPPS Summary](#) | [IPPS Comment](#) | [IPPS Comment Summary](#)
- [PFS Summary](#)
- [OPPS Summary](#)
- [Section 1557: Nondiscrimination in Health Care Summary](#)
- [RFI: Medicare Advantage](#)

WHAT WE'RE READING...

[Kansas Votes to Protect Abortion Rights in State Constitution](#) – The Guardian

[White House Declares Monkeypox a Public Health Emergency](#) – The Hill

[Four Winners and One Loser from Tuesday's Primaries](#) – Vox

[Gun Trafficking Surges Across State Lines](#) – The Wall Street Journal

[How Mining and Neglect Left Kentucky Towns Vulnerable](#) – The New York Times

[Maternal Death Rate Increased During Early COVID-19 Pandemic](#) – JAMA