



## Pennsylvania Issues

### Advocacy

- **Pennsylvania State Insurance Exchange:** As previously reported, the Patient Protection and Affordable Care Act (ACA) created statewide health insurance exchanges for individuals and small businesses to compare health insurance plans and rates. Participating states may choose to establish a state-based insurance exchange or join a federally-run insurance exchange. Pennsylvania is one of 27 states nationwide participating in a federally-run insurance exchange. New Jersey also participates in a federally-run health insurance exchange. About 11.7 million people have enrolled in exchange plans nationally, including 8.8 million who selected coverage in states with federally-run exchanges. The vast majority of those people are receiving subsidies, which on average cuts monthly premiums by 72%.

On March 4, 2015, the United States Supreme Court heard oral arguments in King v. Burwell, a highly anticipated case questioning whether the specific wording of the ACA permits the federal government to subsidize insurance premiums for coverage purchased on federally-run exchanges. Without the subsidies, premiums would likely be unaffordable for those purchasing insurance on a federally-run insurance exchange. The court is expected to issue its ruling by late June.

On June 2, 2015, Governor Tom Wolf (D-PA) announced that Pennsylvania's Department of Insurance filed an application with the United States Department of Health and Human Services to form a state-based health insurance exchange. Governor Wolf explained that the application for a state-based health insurance exchange will protect Pennsylvanians from losing subsidies if the Supreme Court rules that the subsidies are prohibited for those participating in Pennsylvania's federally-run insurance exchange. The new exchange would need to be approved by the Pennsylvania General Assembly, which is controlled by Republicans.

- **Interstate Medical Licensure Compact:** On May 27, 2015, Representative Jesse Topper (R-Bedford, Franklin, Fulton) announced plans to introduce legislation authorizing Pennsylvania to join the Interstate Medical Licensure Compact. The Interstate Medical Licensure Compact was created by the Federation of State Medical Boards (FSMB) to serve as a new licensing option for physicians seeking to practice in multiple states. The Interstate Medical Licensure Compact would be administered and enforced by an interstate commission, which would grant expedited licenses to eligible physicians. In order for a physician to be eligible, he or she must be certified in a medical specialty, have a medical license for a minimum of three years and have no prior record of being penalized by a court, a medical licensing agency or the United States Drug Enforcement Agency. Eight states have approved similar legislation, and ten other states have introduced similar legislation.

The FSMB asserts that the requirements for licensure vary widely across different states and that the licensing process can be long and difficult. According to Representative Topper, participation in the compact would expand access to health care, especially in rural and underserved communities. Several national physician organizations, including the Association of Physicians and Surgeons, oppose the bill based on their concerns that the compact will supersede protections for physicians established by state licensing boards. The Hospital & Healthsystem of Pennsylvania (HAP) supports the bill.

- **Physician Retention Loan Forgiveness:** On February 26, 2015, State Representative William Kortz (D-Allegheny) announced plans to reintroduce legislation establishing the Physician Retention Loan Forgiveness Program in the Pennsylvania Higher Education Assistance Agency (PHEAA). The proposed legislation would reimburse full time practicing physicians who chose to specialize in internal medicine, family medicine, pediatrics or obstetrics and gynecology for 100% of their medical school loans if they practice in Pennsylvania for at least 10 years. Part time physicians would be eligible to receive prorated assistance. Similar legislation was passed in 2007 by the House of Representatives by a 191 to 9 vote, but the bill was not finalized before the legislative session concluded. HAP supported the earlier bill.

## New Jersey Issues

### Legislation

- **A.4476:** Limiting Out-of-State Ambulatory Surgery Facilities. New Jersey law permits a hospital operating outside the state to open an ambulatory surgery facility within the state. On June 1, 2015, Assemblyman Herb Conaway (D-Burlington) introduced legislation requiring that ambulatory surgery facilities licensed in New Jersey must be owned by a hospital or a medical school located in New Jersey. The bill was unanimously passed by the Assembly Health and Senior Services Committee immediately following its introduction. Assemblyman Erik Peterson (R-Hunterdon, Warren) voted in favor of the bill as a member of the committee. The bill has been sent to the full Assembly for consideration and is expected to be heard on June 11, 2015. Companion legislation has been introduced in the Senate by Senator Richard Codey (D-Essex, Morris) and is expected to be considered by the Senate Health, Human Services and Senior Citizens Committee on June 8, 2015. The New Jersey Hospital Association (NJHA) strongly supports the bill.

## Federal Issues

### Legislation

- **H.R. 2156:** Medicare Audit Improvement Act of 2015. The Recovery Audit Contractor (RAC) program was authorized as a Medicare demonstration project by the Medicare Modernization Act of 2003 to identify and recover improper Medicare payments made to healthcare providers. The RAC program was made permanent by the Tax Relief and Health Care Act of 2006 and then extended to the Medicaid program through the ACA. The program has been criticized by providers faced with redundant audits, unmanageable medical record requests and inappropriate payment denials. In addition, RAC auditors are frequently paid on a contingency basis, causing some of them to be overly aggressive. According to the American Hospital Association (AHA), hospitals are successfully overturning 75% of all RAC denials. On April 30, 2015, Congressman Sam Graves (R-6-MO) reintroduced legislation to reform the RAC program. The bill would limit documentation requests permitted by RAC auditors and require RAC auditors to pay penalties for repeated failures to meet program guidelines. The AHA, the NJHA and HAP support the legislation. The bill has been assigned to the House Committee on Ways and Means and the House Committee on Energy and Commerce.
- **S. 1148:** Resident Physician Shortage Reduction Act of 2015. In 1997, Congress placed a cap on the number of medical residency slots funded through Medicare. According to the American Association of Medical Colleges (AAMC), there will be a shortage of 91,500 physicians by 2020 and 130,600 physicians by 2025 if Congress does not increase the cap. On April 30, 2015, Senator Bill Nelson (D-FL) reintroduced legislation which would increase the cap on the number of federally funded medical residency slots. The legislation would provide for 15,000 new residency slots by 2019 at a cost of \$1 billion annually. Senator Robert Casey (D-PA) serves as a co-sponsor of the bill. The AAMC and the AHA state that the residency cap has severely limited the ability of hospitals to train physicians, causing shortages in behavioral health, primary care and general surgery. Companion legislation, co-sponsored by Congressman Joseph Crowley (D-14-NY) and Congressman Charles Boustany (R-3-LA), was introduced on the same day in the House of Representatives.

### Advocacy

- **Section 501(r):** On May 14, 2015, the American Health Lawyers Association announced that the Internal Revenue Service (IRS) is reconsidering a provision in the final Section 501(r) regulations that requires a hospital's financial assistance policy (FAP) to list the providers, other than the hospital facility itself, delivering emergency or other medically necessary care in the hospital and to specify which providers are and are not covered by the hospital's FAP. After the final regulations were issued, the AHA and the AAMC sent a joint letter to the Treasury Department and the IRS expressing their concerns over the compliance burden associated with this requirement.