

## Government Relations Update – April 10, 2018

### Pennsylvania Issues

#### Advocacy

- **State Budget:** As previously reported, the Medical Assistance Modernization Act of 2010, also known as Act 49, authorizes the Pennsylvania Department of Human Services to impose a statewide assessment based on net operating revenues derived from inpatient services provided by licensed acute care hospitals in Pennsylvania. The Hospital & Health System Association of Pennsylvania (HAP) supported the passage of Act 49, since it serves as a mechanism for the Commonwealth to secure additional federal matching funds, which are then distributed in part to hospitals through increased medical assistance payments and retained in part by the Commonwealth in its General Fund.

On February 6, 2018, Governor Tom Wolf (D) presented his 2018-2019 state budget proposal, which would increase state spending by about \$1 billion, or 3%, compared to the current state fiscal year. The proposal would increase spending for public schools, skills training programs, pension obligations, prison costs and social services for children, the elderly and the disabled. While the proposal would sustain funding for certain key hospital services, it would decrease payments to hospitals through the assessment. HAP is calculating the estimated reductions and will provide them to members once available.

- **Informed Consent:** On June 20, 2017, the Pennsylvania Supreme Court held in *Shinal v. Toms* that a physician may not delegate to others his or her obligation to obtain a patient's informed consent. The ruling effectively prevents physicians from delegating the task to other physicians or advanced practitioners. HAP and the Pennsylvania Medical Society have jointly proposed language to amend the MCare Act so that a physician can delegate the obligation to obtain informed consent. Sy Traub and Mark Zolfaghari worked with HAP on the proposed language.

#### Legislation

- **S.B.780:** Telemedicine Act. On June 22, 2017, Senator Elder Vogel (R-Beaver) introduced legislation to define key components of telemedicine, set telemedicine licensing requirements and require that insurers pay for telemedicine services if they cover the same service provided in person. The bill was referred to the Banking and Insurance Committee for consideration. Senators Bob Mench (R-Bucks), Lisa Baker (R-Pike), David Argall (R-Schuylkill) and Pat Browne (R-Lehigh) serve as co-sponsors of the bill, which is supported by HAP. HAP has advocated for payment parity for telemedicine services, but it appears unlikely to be included.

#### Miscellaneous

- **House Health Committee Chair:** On February 8, 2018, Representative Matt Baker (R-Wellsboro) announced that he would retire from the Pennsylvania House of Representatives and accept an appointment by the Trump Administration to be the Regional Director for Intergovernmental and External Affairs at the United States Department of Health and Human Services Office in Philadelphia. Representative Baker had served as the Chairman of the House Health Committee. On February 26, 2018, Representative Kathy Rapp (R- Warren) was named as the new Chair of the House Health Committee. The House Health Committee deals with issues such as abortion, disease management, health savings accounts, hospital-acquired infections, medical assistance, patient safety, pharmaceuticals and telemedicine.
- **Allentown Mayor:** On March 29, 2018, Ray O'Connell (D) was appointed as the Mayor of Allentown by the Allentown City Council. Mayor O'Connell is a former Allentown School District administrator and past president of Allentown City Council.

## New Jersey Issues

### Advocacy

- **State Budget:** On March 13, 2018, Governor Phil Murphy (D) introduced his budget plan for state fiscal year 2018-2019. The \$37.4 billion proposal reflects a 5% increase in spending from the current state fiscal year. The plan would increase funding for schools, raise the minimum wage to \$15 per hour, triple the budget of the transit authority and increase contributions to the state pension. The proposal also includes provisions to increase the income tax on persons earning more than \$1 million annually from 8.97% to 10.75%, raise the state sales tax from 6.625% to 7% and legalize and tax the sale of recreational marijuana. The proposal would retain charity care, graduation medical education and mental health fund payments at current levels. It would also increase funding for opioid treatments, autism spectrum disorder services, gun violence research, developmental disability services and family planning services. The New Jersey Hospital Association (NJHA) is advocating for increased charity care funding.

### Legislation

- **A. 2039:** Out-of-Network Consumer Protection, Transparency, Cost Containment and Accountability Act. On January 9, 2018, Assemblyman Craig Coughlin (D-Middlesex), Assemblyman Gary Schaefer (D-Bergen) and Assemblywoman Pamela Lampitt (D-Burlington) reintroduced legislation which would require hospitals and physicians to disclose to patients who are scheduling non-emergent or elective procedures whether those services are covered by the patients' insurance network before treatment occurs. If a patient is not informed that the facility, provider or service is out-of-network, then the patient would only have to pay the in-network amount. If a patient chooses to have an out-of-network procedure performed, the health care facility would be required to make available in advance a description of the standard charges for items and services to be provided. The Medical Society of New Jersey and the NJHA originally opposed the legislation. However, the NJHA recently agreed to support the bill once amendments were made to condense the timeframe carriers have to pay certain out-of-network claims and address certain concerns raised by the NJHA regarding a mandatory arbitration provision for disputes between payers and providers. On April 5, 2018, the Assembly Appropriations Committee again approved the bill, which has been forwarded to the Assembly for consideration. Similar legislation was introduced in previous legislative sessions, but it failed to advance. Illinois, Texas, Florida, Connecticut and New York have passed similar bills.

## Federal Issues

### Legislation

- **340B Drug Discount Program:** The 340B Drug Pricing Program was created by Congress to allow certain hospitals and other healthcare providers to obtain discounted prices on prescription drugs and biologics to assist vulnerable or uninsured patients access to prescription medicines at safety-net facilities. On January 1, 2018, the Centers of Medicare & Medicaid Services reduced spending for the program by about \$1.6 billion. The American Hospital Association (AHA), the Association of American Medical Colleges, America's Essential Hospitals and the NJHA have been advocating Congress to restore the cuts. HAP has been considering its position on this issue.
- **Omnibus Spending Package:** On March 23, 2018, President Donald Trump (R) signed a \$1.3 trillion spending bill into law, which funds the federal government until September 30, 2018. The bill increases spending by \$10 billion for the Department of Health and Human Services, \$3 billion for the National Institutes of Health, \$1.1 billion for the Centers for Disease Control and Prevention and \$300 million increase for the National Science Foundation. The bill also increases spending for Alzheimer's disease research by \$414 million, other neurological disease research by \$140 million and universal flu vaccine research by \$40 million. In addition, the spending bill includes \$4 billion for various efforts to battle the opioid epidemic. The AHA expressed its pleasure with the spend bill, since President Trump's initial budget plan proposed significant reductions to Medicare and Medicaid.