

Government Relations Update – August 28, 2018

Pennsylvania Issues

State Budget

- On June 21, 2018, Governor Tom Wolf (D) signed the Pennsylvania state budget into law. The budget includes the extension of the Quality Care Assessment (QCA) through 2023. As previously reported, the QCA is a statewide assessment based on net operating revenues derived from services provided by licensed acute care hospitals in Pennsylvania. 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. The budget increased the state share of the assessment by an additional \$75 million during each of the next three years and an additional \$80 million during the final two years of the extension. Fortunately, St. Luke's University Health Network was not adversely impacted by the shift. Additionally, the state fiscal code, which was approved concurrently with the budget, included a grant of \$250,000 for the purchase of medical equipment for St. Luke's Hospital – Anderson Campus.

Legislation

- **SB 780**: Telemedicine Act. As previously reported, 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) served as co-sponsors of the bill. HAP supports the expanded use of telemedicine, since it will assist with physician shortages in rural communities. Pennsylvania has the third largest rural population in the country, with approximately 27% of the population living in rural areas and 70% of all counties considered rural. 30 states, including New York, Maryland and Virginia, have enacted similar telemedicine legislation. On June 19, 2018, the Senate passed the bill, and it was sent to the House Professional Licensure Committee. Unfortunately, the payment parity provisions were stricken from the bill before it was passed by the Senate.
- **SB 1003**: Amendment to the Insurance Company Law of 1921. On December 12, 2017, Senator Donald White (R-Armstrong) introduced a bill which would require managed care plans to pay for medically necessary emergency treatment rendered by emergency medical services agencies regardless of whether a patient does not require, or refuses, to be transported to a hospital. On June 7, 2018, the bill passed the Senate, and it was referred to the House Insurance Committee.
- **HB 2152**: The Hospice and Home Health Prescription Medication Disposal Act. Introduced by Representative Rosemary Brown (R-Monroe), this bill would authorize hospice or home health care organizations to accept for disposal a patient's unused prescription medications that were prescribed, dispensed or otherwise used by the patient while under the care of the home health agency or hospice, upon the death or discharge of a patient and with the permission of the patient or the patient's family member, caregiver or health care representative. On June 4, 2018, the House passed the bill, and it was referred to Senate Health and Human Services Committee.
- **SB 655**: Amending the Controlled Substance, Drug, Device and Cosmetic Act. On May 2, 2017, Senator Gene Yaw (R-Bradford) introduced a bill which would require mandatory implementation of opioid prescribing guidelines developed by the Pennsylvania Safe and Effective Prescribing Practices Task Force. Convened by the Department of Health and the Department of Drug and Alcohol Programs, the task force developed and approved guidelines, which have been all or in part independently adopted by the Board of Medicine, the Board of Pharmacy and Board of Dentistry. Senator Yaw notes that the proposed legislation is part of a comprehensive approach to fighting the ongoing heroin and opioid addiction crisis in Pennsylvania. The bill was assigned to the Appropriations Committee, which unanimously expressed its support on May 21, 2018.

- **HB 1987:** Amending the Controlled Substance, Drug, Device and Cosmetic Act. On December 22, 2017, Representative Brian Barbin (D-Cambria) introduced a bill that would prohibit for two years the dispensing of fentanyl except during surgery or to hospice patients. The bill was assigned to the Health and Human Services Committee on June 15, 2018.
- **HB 478:** Outpatient Psychiatric Oversight Act. As previously reported, on January 11, 2017, Representative Tina Pickett (R-Bradford) introduced a bill to: (1) require an outpatient psychiatric clinic to have a psychiatrist on site for only two hours of psychiatric time per week for each full-time equivalent treatment staff member employed by the clinic; (2) permit tele-psychiatry; and (3) allow 50% of the required on-site time to be provided by advanced practice professionals specializing in behavioral health. HAP supported the bill since it should allow psychiatrists to see more clients in a timely fashion and ultimately increase access to psychiatric services. The bill was signed by the Governor on May 31, 2018.

Advocacy

- **Legislative Visit:** On May 29, 2018, Representative Michael Schlossberg (D-Allentown) visited St. Luke's Hospital – Allentown Campus. Bill Moyer provided the Representative with a tour of the campus and emphasized the high demand for service and the growing need for expansion.

New Jersey Issues

Legislation

- **A3380:** New Jersey Health Insurance Market Preservation Act. On February 12, 2018, Assemblyman John McKeon (D-Essex) introduced a bill requiring all New Jersey residents to have health coverage or pay an annual penalty equal to the federal penalty implemented by the Affordable Care Act. The bill includes a "hardship exception" for individuals who cannot afford coverage. The Assembly and the Senate passed the bill on April 12, 2018, and Governor Phil Murphy (D) signed it into law on May 30, 2018. The mandate is scheduled to take effect January 1, 2019. New Jersey is the second state to enact an individual health insurance mandate.
- **S1878:** New Jersey Health Insurance Premium Security Act. On February 15, 2018, Senator Joseph Vitale (D-Middlesex) introduced a bill to establish a health insurance reinsurance plan. The bill directs penalties collected through the individual mandate requirement to be deposited into the New Jersey Health Insurance Premium Security Fund. The fund is expected to help pay the claims of people who are catastrophically ill in an effort to avoid increases in health insurance rates. The Assembly and the Senate passed the bill on April 12, 2018, and Governor Murphy signed it into law on May 30, 2018. The state expects to collect between \$90 million and \$100 million in penalties, which would be deposited into the fund.

Miscellaneous

- **Imputed Floor Rural Wage Index Policy:** As previously reported, the Center for Medicaid Services (CMS) has been extending an "imputed" floor in the inpatient prospective payment system (PPS) rule each year since 2005 to address a concern that certain hospitals in some states were disadvantaged by the absence of rural hospitals to set a wage index floor for purposes of determining the PPS payments to those hospitals. On August 2, 2018, CMS announced that it is eliminating the imputed floor, which is expected to cost St. Luke's Hospital - Warren Campus approximately \$3.5 million in the upcoming federal fiscal year.

Advocacy

- **Legislative Visit:** On August 17, 2018, New Jersey Assemblyman John DiMaio (R- Somerset, Hunterdon and Warren) visited St. Luke's Hospital – Warren Campus. Scott Wolfe met with the Assemblyman and discussed the hospital's top priorities.