

Government Relations Update – July 16, 2019

Pennsylvania Issues

Miscellaneous

- **2019-2020 Budget:** On June 28, 2019, Governor Tom Wolf (D) signed a \$34 billion state budget plan into law. The budget contains a 1.8% spending increase compared to the prior year, including an additional \$26.3 million for mental health services. Supplemental medical assistance payments were maintained at the same level as last year for Physician Practice Plans (\$10.1 million), Obstetric and Neonatal Services (\$3.7 million), Trauma Centers (\$8.7 million), and Academic Medical Centers (\$24.7 million). The budget transfers cigarette tax revenue in the amount of \$115 million to the Tobacco Settlement Fund to reimburse the fund for expenses incurred from debt service on bonds issued to balance the 2017-18 state budget. The transfer ensures that amounts payable from the fund will be maintained during the upcoming fiscal year.

Legislation

- **HB 786:** Trauma Center Legislation. As previously reported, on February 22, 2019, House Majority Leader Representative Bryan Cutler (R–Lancaster) introduced legislation to amend the Pennsylvania EMS Act as it relates to trauma center accreditation. The originally proposed amendments would have: (1) required that future applicants for Level I, II or III trauma center accreditation be greater than 25 miles from the nearest Level I, II or III trauma center; (2) established an annual volume criteria of 600 cases for Level II trauma centers, which is currently required only for Level I reaccreditation; and (3) revised the funding formula to allow for reallocation of undistributed Level III trauma center funding to Level IV trauma centers in rural counties, since Level IV trauma centers do not currently receive funding through the EMS Act, and this funding would help provide coverage in underserved areas. Representative Mike Schlossberg (D–Lehigh) was a co-sponsor on the bill. House Majority Leader Cutler and Representative Schlossberg serve on the Board of Trustees for the Pennsylvania Trauma Systems Foundation (PTSF), which approved the proposed legislation. The Hospital & Healthsystem Association of Pennsylvania (HAP) also supported the legislation.

St. Luke’s University Health Network expressed concerns with the mileage requirement to the bill sponsors, HAP and the PTSF staff, since the language would prevent a Level I, II or III trauma center at several current and planned St. Luke’s hospital locations, thereby negatively impacting patient access to care. In response to these concerns, Representative Ryan Mackenzie (R–Lehigh) proposed changes to the amendments, including removing the travel distance requirements: (1) when an established trauma center is moved or relocated; or (2) if a proposed center can demonstrate that the other trauma centers in the catchment area have a volume of cases greater than twice the amount required for reaccreditation. The modified legislation was approved by the House on June 11, 2019, and it was sent to the Senate for consideration.

On June 18, 2019, the Senate Health Committee modified the legislation to limit the distance a trauma center can relocate from 25 miles to 5 miles from the original location. In response, Senator Lisa Boscola (D–Northampton) proposed an amendment on the Senate floor to increase the transfer distance to 10 miles. On June 26, 2019, the amended bill was approved by the Senate. On June 27, 2018, the House concurred with the Senate amendments, and the bill was signed into law by Governor Wolf on July 2, 2019.

- **SB 698 and SB 699:** Physician Licensing. The Pennsylvania Licensing System (PALS) requires physicians to personally enter certain information into the system, which is time consuming. On May 31, 2019, Senator John Gordner (R–Columbia) introduced legislation to permit a physician to designate another person to enter collaboration agreements between the physician and a physician assistant into PALS, thus allowing a hospital’s credentialing department to complete this task. The legislation was approved by the House and Senate, and the bill was signed into law by Governor Wolf on July 2, 2019.

- **HB1172**: License Portability. On April 10, 2019, Representative Dave Hickernell (R–Lancaster) introduced legislation requiring all 29 licensing boards and commissions controlled by the Pennsylvania Bureau of Professional and Occupational Affairs, including the Board of Medicine, to issue licenses by endorsement, which is a process for automatic licensure based on the applicant holding the same license in another state or territory, provided the requirements for licensure are similar. The legislation was approved by the Senate and the House, and the bill was signed into law by Governor Wolf on July 2, 2019.
- **HB 3**: Pennsylvania Health Insurance Exchange Fund. On June 4, 2019, House Majority Leader Representative Cutler and Democratic Leader Representative Frank Dermody (D–Allegheny) introduced legislation to transition Pennsylvania from the federal insurance exchange created by the Affordable Care Act to its own online marketplace. The bipartisan legislation was supported by HAP, the Pennsylvania Chamber of Business and Industry and the Pennsylvania Association of Community Health Centers. It was approved by the House and the Senate, and the bill was signed into law by Governor Wolf on July 2, 2019. The state-based exchange and a new reinsurance fund, which will help insurers cover their most expensive members, is expected to reduce health exchange premiums by up to 10 percent. It is expected to be operational for enrollment by January 1, 2021, pending approval from the United States Department of Health and Human Services (HHS).

New Jersey Issues

Miscellaneous

- **2019-2020 Budget**: On June 30, 2019, Governor Phil Murphy (D) signed a \$37.8 billion state budget plan into law. The budget includes a \$7 million increase in charity care funding as compared to the Governor’s original budget proposal. All other state hospital funding will remain stable. The budget also includes a \$30 million increase in spending for nursing homes to offset the expected costs associated with the state’s minimum wage increase. Finally, the budget raises from 2% to 3% a state tax on premiums collected by health maintenance organizations. This additional expense may not be passed onto consumers.

Federal Issues

Miscellaneous

- **Price Transparency Executive Order**: On June 24, 2019, President Donald Trump (R) signed an Executive Order on price and quality transparency in health care that aims to lower rising health care costs. Among other things, the order requires HHS: (1) within 60 days, to propose a regulation to require hospitals to publicly post standard charge information, including charges and information based on negotiated rates and for common items and services, in an easy-to-understand, consumer-friendly, and machine-readable format using consensus-based data standards that will meaningfully inform patients’ decision making and allow patients to compare prices across hospitals; and (2) within 180 days, to submit recommendations to address surprise balance billing. The American Hospital Association (AHA) immediately criticized the order, since public posting of privately negotiated rates “could, in fact, undermine the competitive forces of private market dynamics, and result in increased prices.”
- **Surprise Balance Billing**: As previously reported, a number of bills have been introduced in Congress to limit patient exposure to out-of-network bills. On June 26, 2019, the Senate Health, Education, Labor and Pensions (HELP) Committee voted to advance Senate Bill 1895, Lower Health Care Costs Act. Under the bill, patients would be required to pay only the in-network cost-sharing amount for out-of-network emergency care and for care provided by ancillary out-of-network practitioners, and for out-of-network diagnostic services at in-network facilities. Facilities and practitioners would be barred from sending patients “balance” bills for more than the in-network cost-sharing amount. The bill would resolve payment disputes between a provider and a health plan by requiring the health plan to pay the practitioner and/or the facility based on the median contracted in-network rate for services in the applicable geographic area. Committee Chairman Senator Lamar Alexander (R–TN) is positioning this bill for floor consideration within the next two weeks. AHA and HAP have submitted comments to the Committee.