

# INDUSTRY INSIGHTS

## House Passes Measure To Repeal and Replace the Affordable Care Act

The House narrowly approved legislation with a vote of 217 to 213 to repeal and replace major parts of the Affordable Care Act, as Republicans recovered from their earlier failures and moved a step closer to delivering on their promise to reshape American health care without supporting mandated insurance coverage.

The House measure faces a great deal of uncertainty in the Senate, where a handful of Republican senators immediately rejected it, signaling that they would start work on a new version of the bill virtually from scratch.

Just before the vote, the Senate gave final approval on Thursday to a \$1.1 trillion spending bill that will finance the government through September, and unlike the healthcare legislation, the spending bill had broad bipartisan support.

The House bill would eliminate tax penalties for people who do

not carry health insurance. States could also seek waivers that would let insurers charge higher premiums for some people with pre-existing medical conditions. It would roll back state-by-state expansions of Medicaid, which covered millions of low-income Americans. In place of the government-subsidized insurance policies offered on the Affordable Care Act's marketplaces, the bill would offer tax credits of \$2,000 to \$4,000 a year, depending on age. As an example, a family could receive up to \$14,000 a year in credits. The credits would be reduced for individuals making over \$75,000 a year and families making over \$150,000. The bill would make profound changes to Medicaid, the health program for low-income people, ending its status as an open-ended entitlement. States would receive an allotment of federal money for each beneficiary, or, as an alternative, states could take the money in a

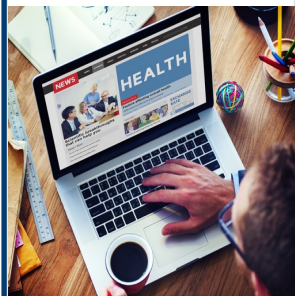
lump sum as a block grant, with fewer federal requirements. The bill would repeal taxes imposed by the Affordable Care Act on high-income people, insurers and drug companies, among others. It would also cut off federal funds from Planned Parenthood for one year. Republicans argued with so many problems afflicting the Affordable Care Act, the status quo is unsustainable, regardless of what Congress does. Many defenders of the bill focused less on its details and more on what they saw as shortcomings in the Affordable Care Act. Democrats, who voted unanimously against the bill, vowed to make the Republicans pay a political price for pushing such unpopular legislation. "I have never seen political suicide in my life like I'm seeing today," Representative Louise M. Slaughter, Democrat of New York, said on the House floor before the vote.

## CMS Gives Hospitals \$3 Billion Raise Next Year

CMS is proposing a \$3 billion raise to inpatient hospitals in fiscal year 2018. The agency also plans to change the way it reimburses uncompensated care. This is a move that's been panned by the hospital industry. CMS also projects that payments to long-term care hospitals would decrease by approximately 3.75%, or \$173 million in FY 2018, based on the changes included in the proposed ruling. CMS would distribute roughly \$7 billion in uncompensated care funds in FY 2018. That's an increase of approximately \$1 billion from 2017. The change reflects CMS' proposal to use the new data to estimate uncompensated care payments available.

The agency proposed the change previously, but hospitals lobbied against it, saying the formula was inaccurate. Some had claimed it would favor hospitals that see large numbers of uninsured patients as those states didn't expand Medicaid.

Safety net hospitals would see a change in the way they receive disproportionate-share payments. The new formula relies mostly on the amounts of uncompensated care and charitable care each hospital claims on its Medicare cost report. Previously, it relied mostly on the number of Medicaid, dual-eligible and disabled patients each hospital served.



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