



Greater Heartland Chapter - Masters of Healthcare Spring Conference

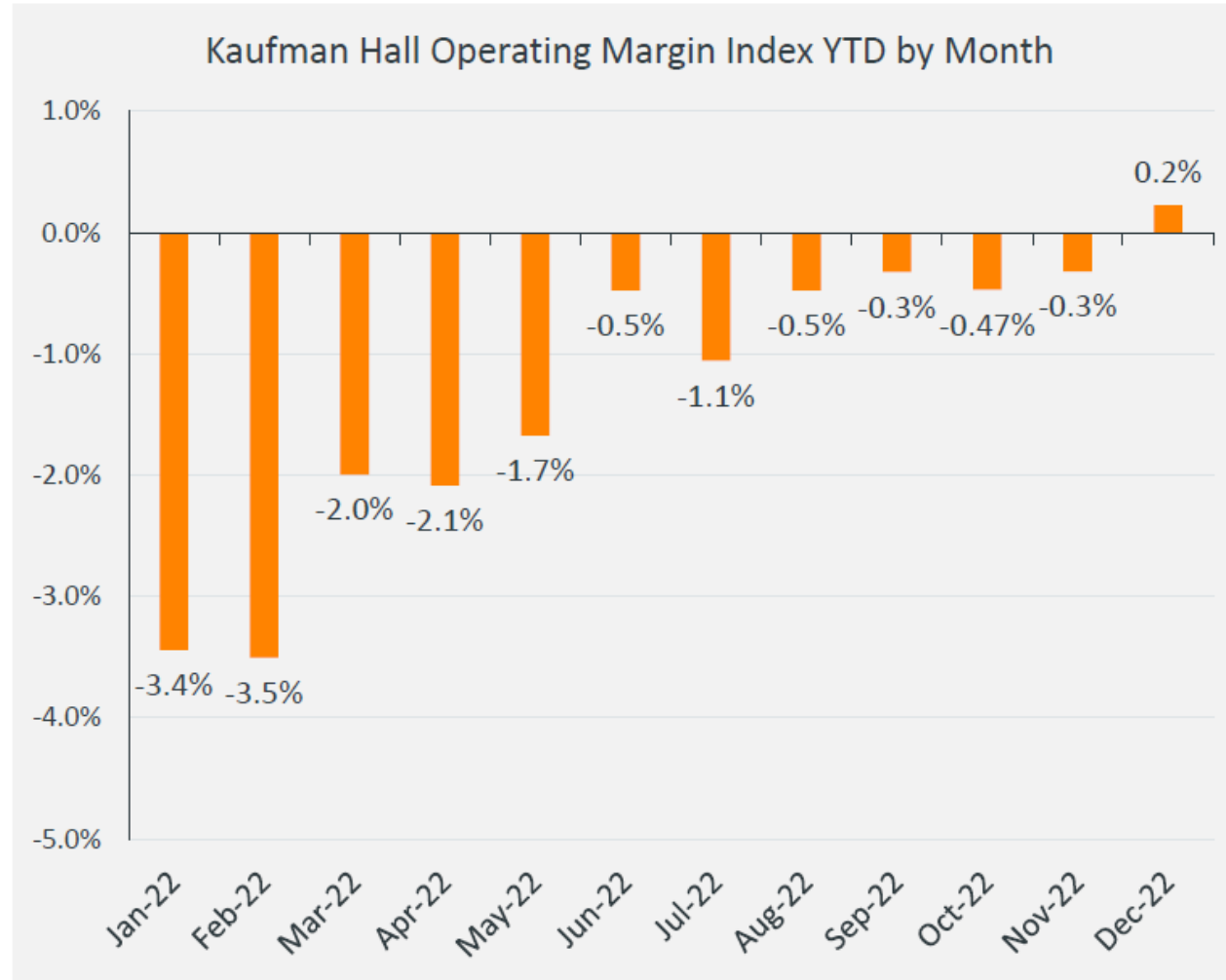
April 11, 2024

Andrew B. Wheeler, Vice President of Federal Finance

Agenda

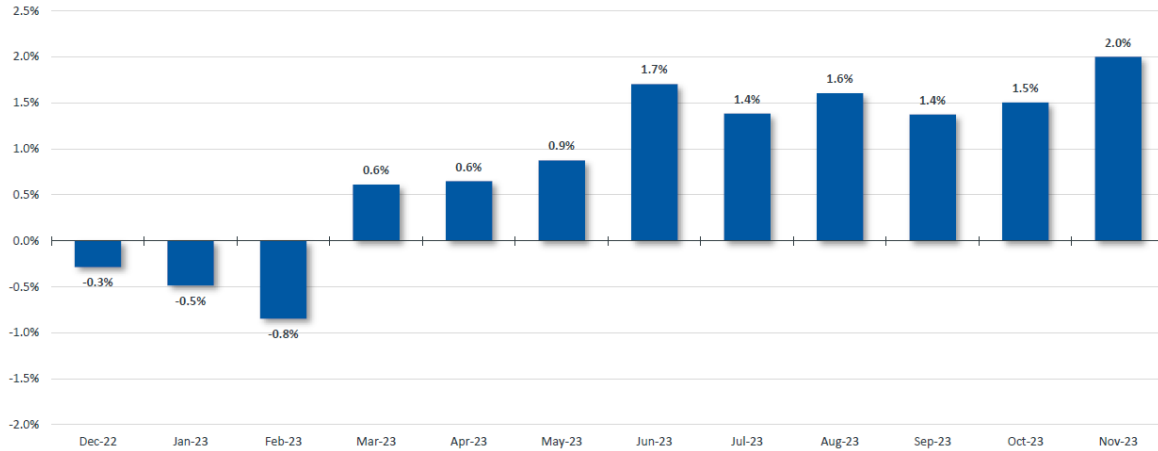
- Hospital Fiscal Status
- Fiscal State of Federal and State Budgets
- 118th Congressional Update
- 102nd General Assembly Update

Fiscal Results 2022 – Kaufman Hall

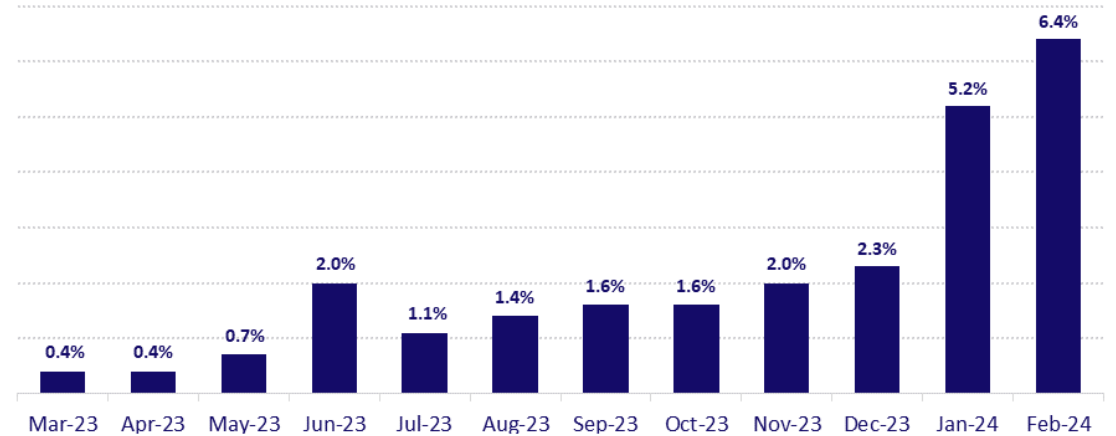


Fiscal Results 2023

Kaufman Hall CYTD Operating Margin Index

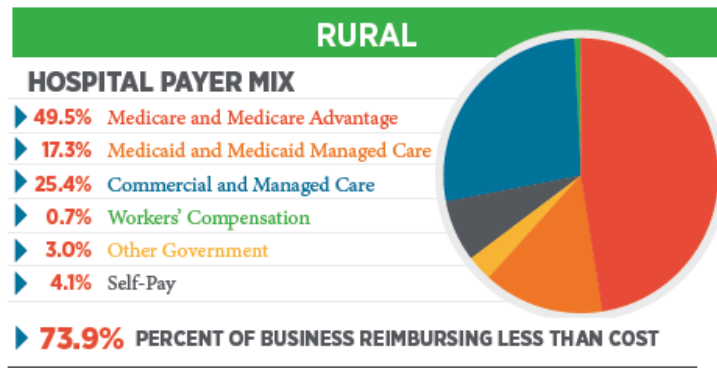
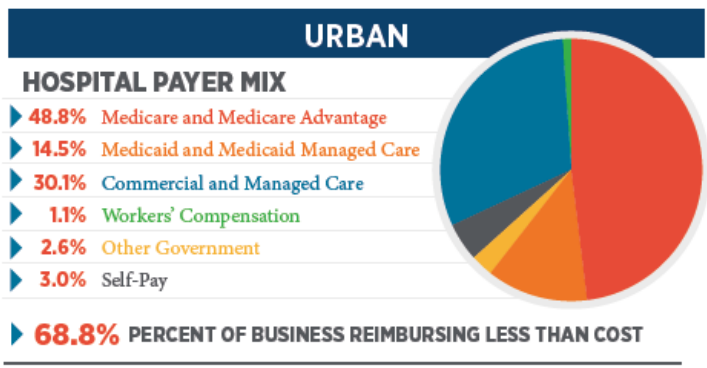
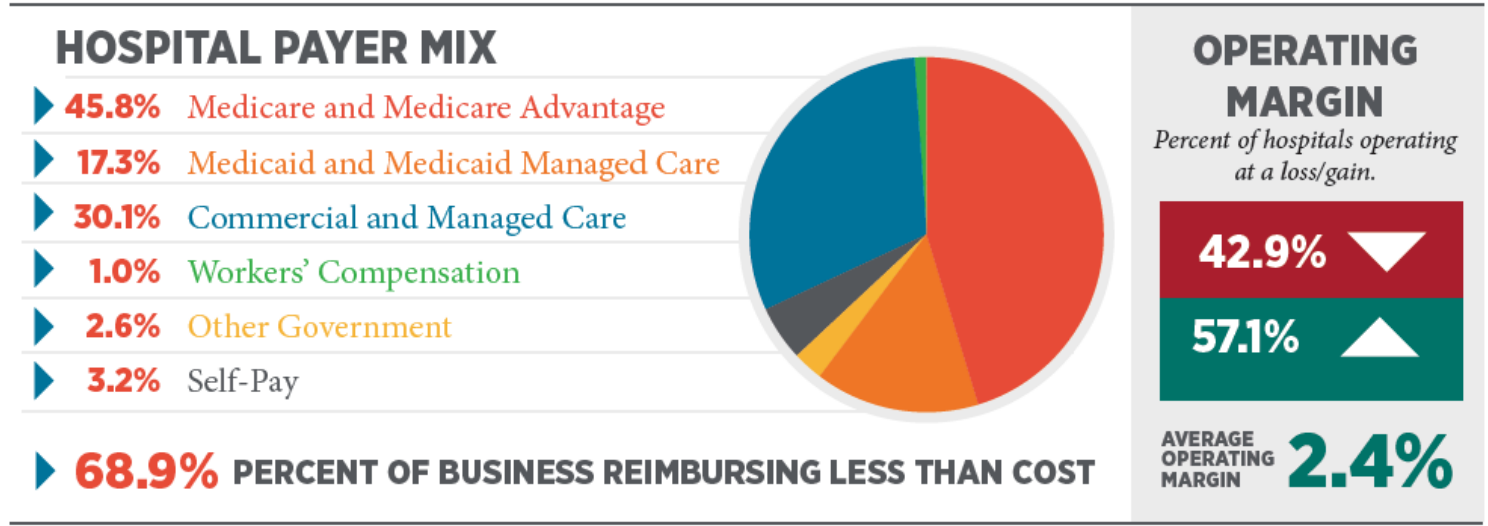


Median Hospital Operating Margins
Nationally, Year-to-Date

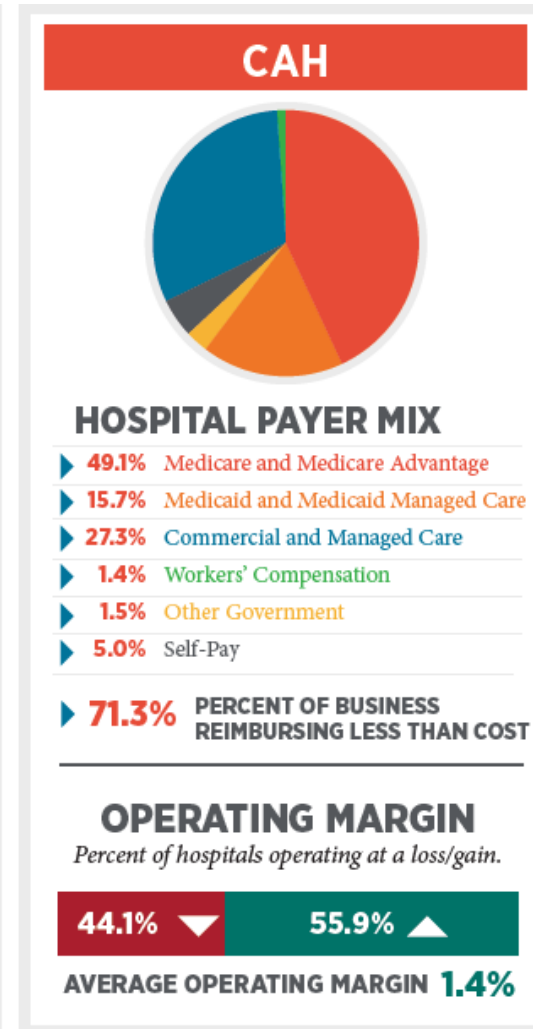
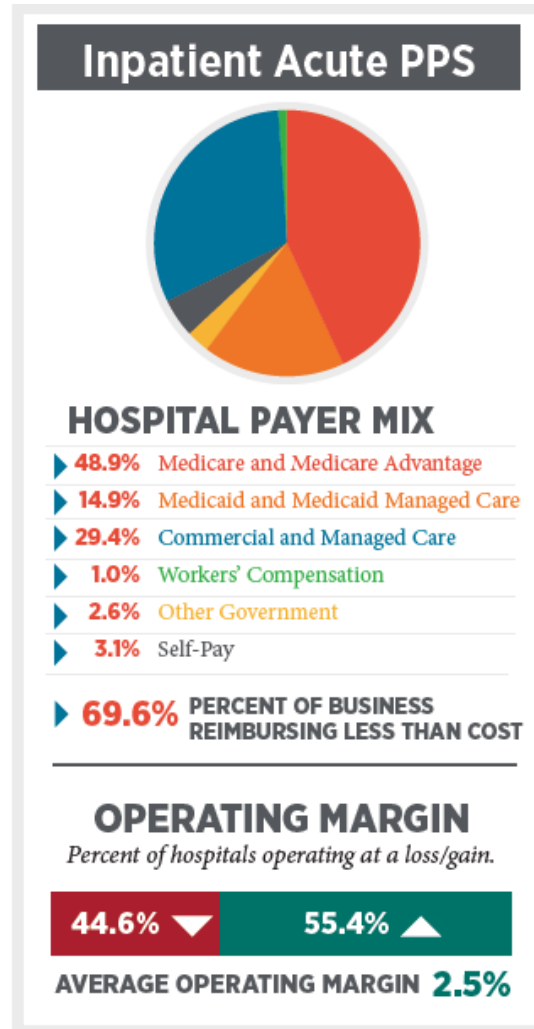
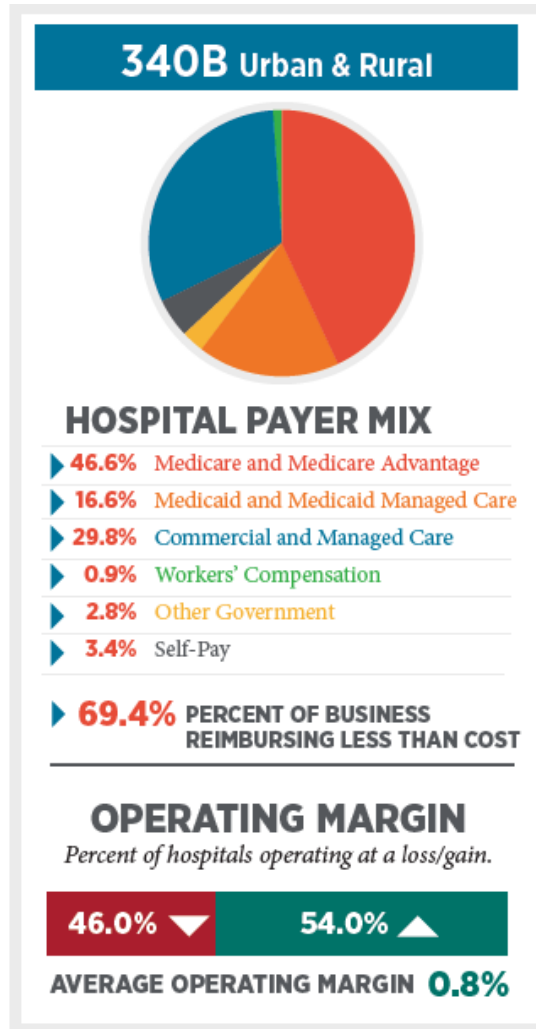


<https://www.syntellis.com/monthly-healthcare-financial-benchmarks>

Missouri Hospital Fiscal State 2022

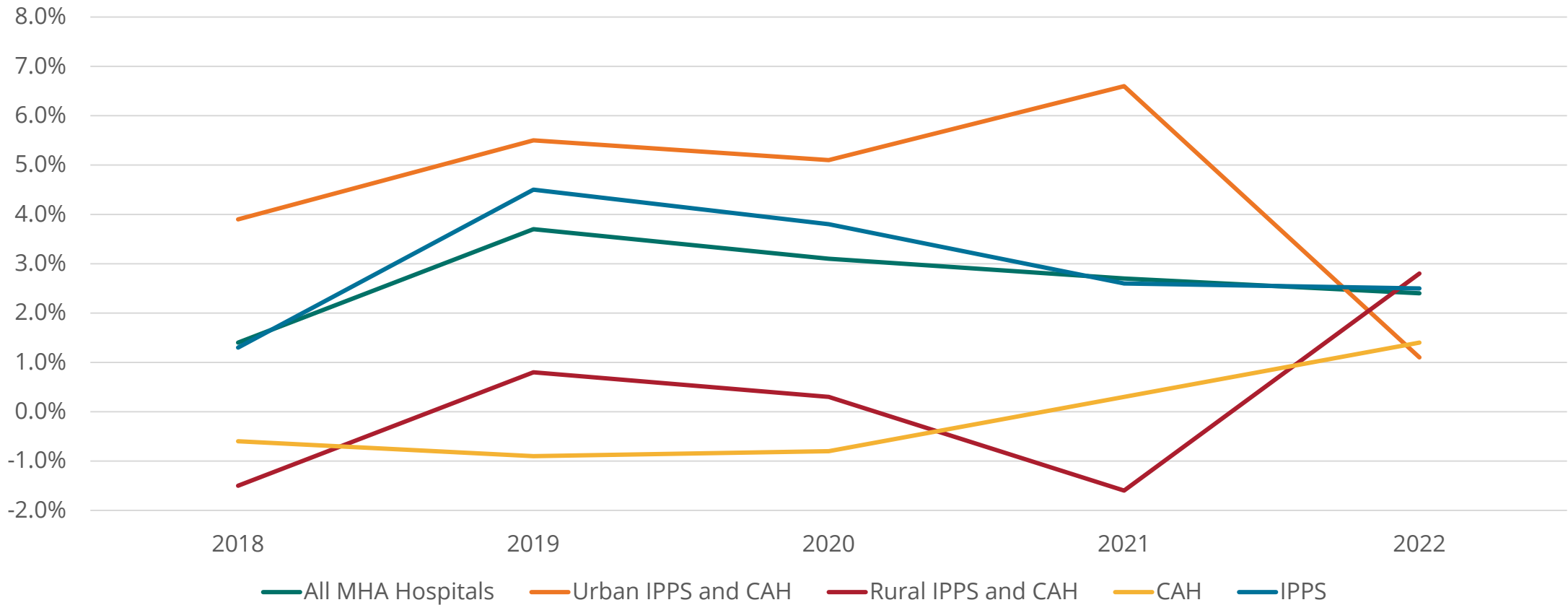


Missouri Hospital Fiscal State 2022



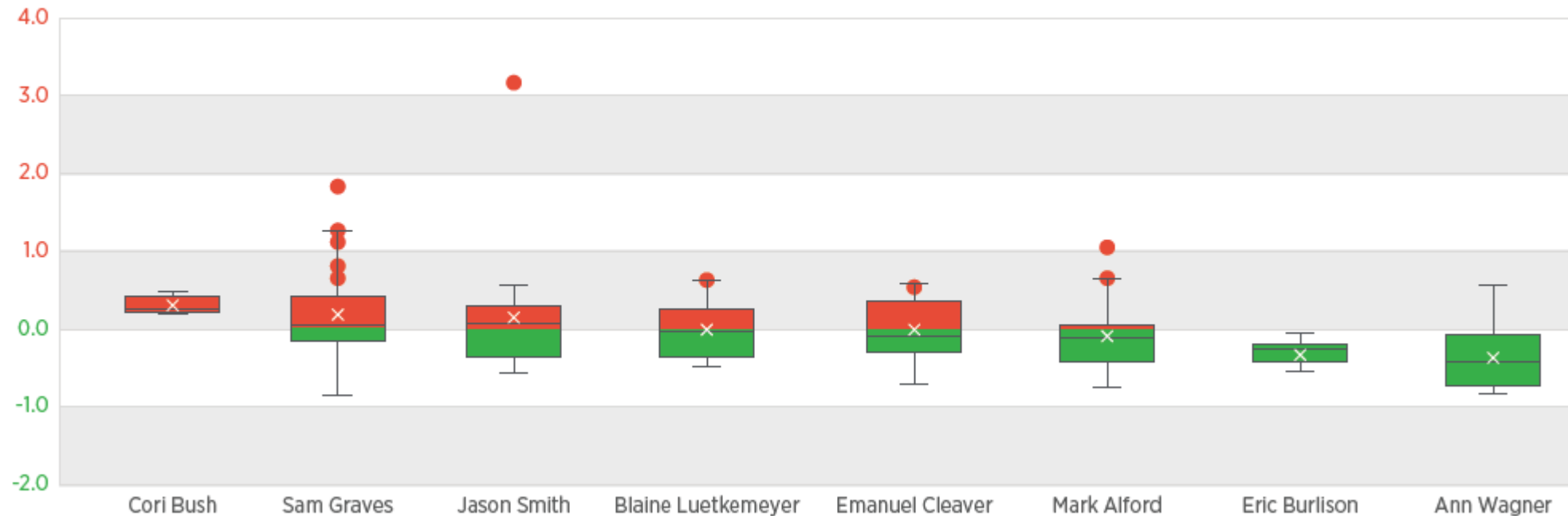
Missouri Hospital Fiscal State 2022

Average Operating Margin



Missouri Hospital Fiscal State 2022

STRESS BY CONGRESSIONAL DISTRICT



- Stress index is a composite of payor mix ratio, operating margin, days in accounts receivable, staff expense per CMI AEA, other expenses per CMI AEA and inpatient admissions

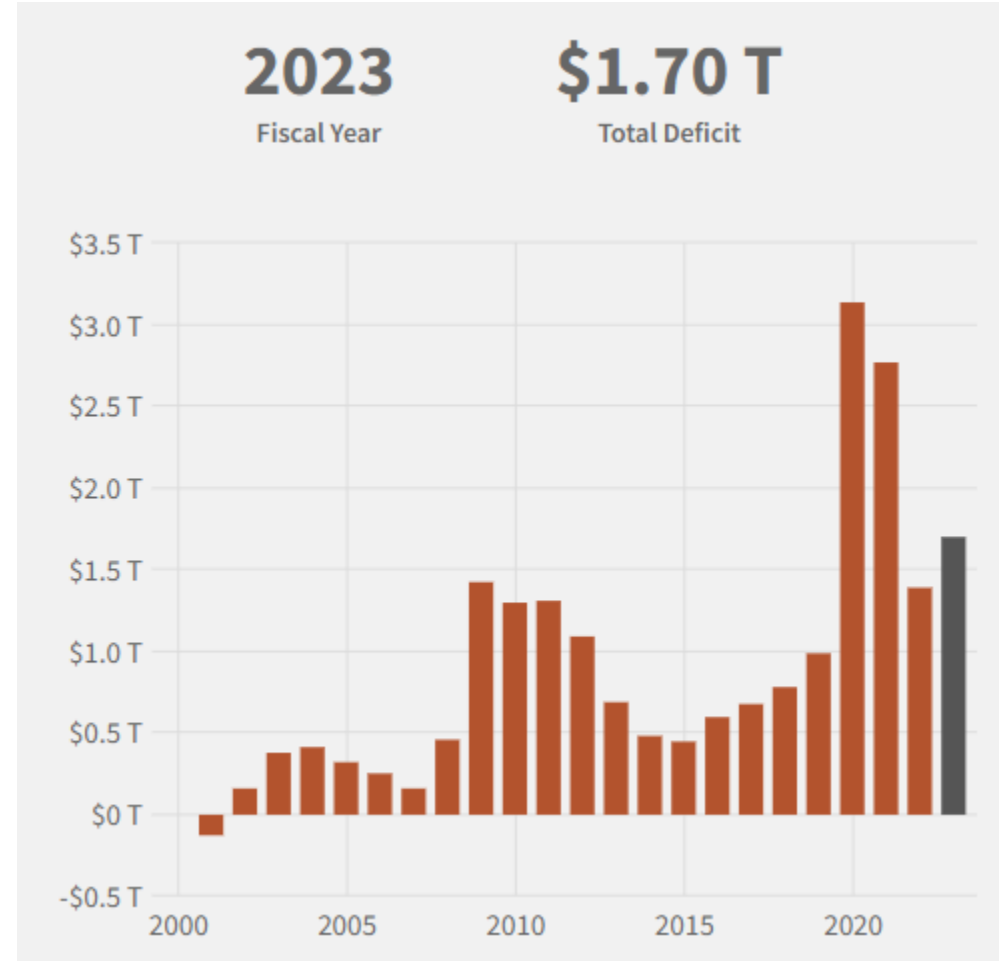
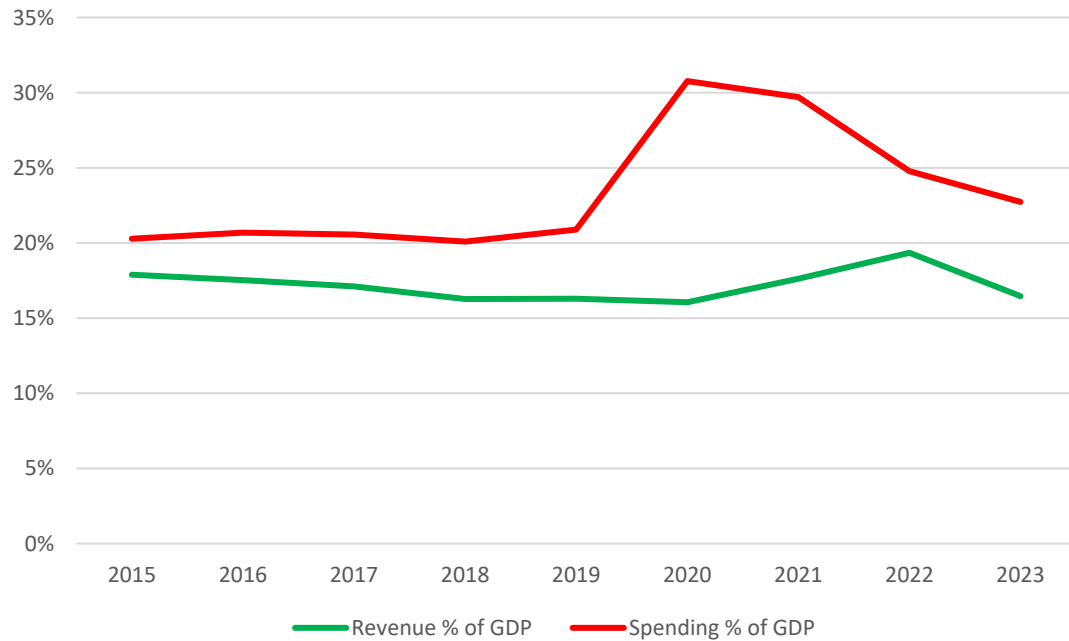
Fiscal Optics Participant Hospitals

	YE 2022 Stat / CMI AEA	FYTD Dec 2023 Stat / CMI AEA	Percent Variance
Gross Revenue	\$ 30,297.78	\$ 30,043.62	-0.8%
Bad Debt	\$ 743.37	\$ 573.02	-22.9%
Charity Care	\$ 641.82	\$ 354.64	-44.7%
Discounts	\$ 19,508.44	\$ 20,551.99	5.3%
NPSR	\$ 9,404.15	\$ 8,563.97	-8.9%
Other Operating Revenue	\$ 1,416.06	\$ 1,228.59	-13.2%
Operating Revenue	\$ 10,820.22	\$ 9,792.56	-9.5%
Salary	\$ 4,147.30	\$ 3,724.52	-10.2%
Benefits	\$ 971.34	\$ 944.49	-2.8%
Supplies	\$ 1,259.41	\$ 1,003.15	-20.3%
Pharmacy	\$ 967.47	\$ 1,060.00	9.6%
Professional Fees	\$ 707.25	\$ 738.37	4.4%
Interest Expense	\$ 14.53	\$ 55.66	283.1%
Depreciation	\$ 475.26	\$ 470.59	-1.0%
Other	\$ 2,215.23	\$ 1,703.25	-23.1%
Total Expense	\$ 10,757.80	\$ 9,700.02	-9.8%
Operating Income	\$ 62.42	\$ 92.54	48.3%
Operating Margin	0.58%	0.95%	
Average	0.35%	1.53%	

Federal Fiscal State and Legislative Update – 118th Congress

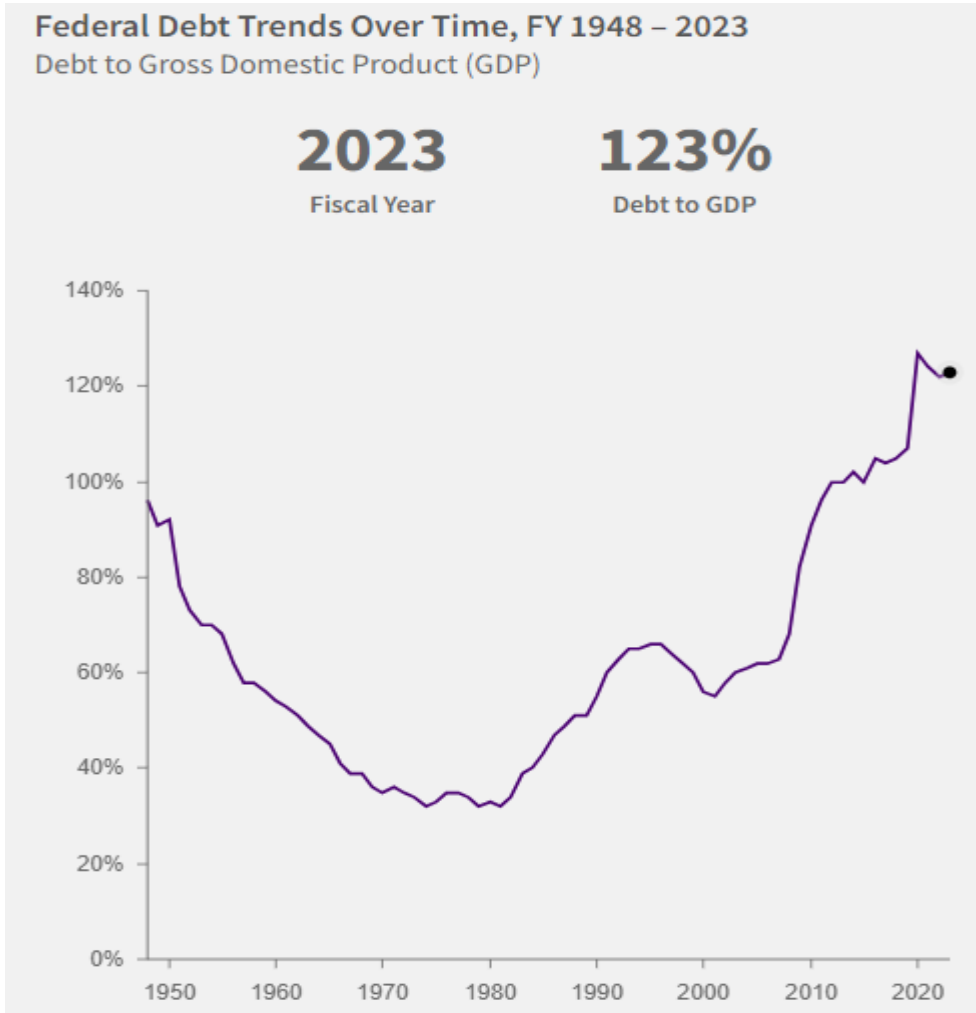
Federal Budget Conundrum

Federal Revenue and Spending as Percent of GDP



Federal Debt – April 1
\$34,578,609,157,179

Federal Budget Conundrum



- Revenue – increased 5.7% between 2015 and 2023
- Spending – increased 29.1% between 2015 and 2023
 - Mandatory
 - Discretionary (~27% of spending)
 - Supplemental

Inflation Adjusted National Debt

Date Range	Beginning	Ending	Change	Percent Change	CAGR
1980 – 1988	\$3.31T	\$6.66T	\$3.35T	101.2%	9.1%
1988 – 1992	\$6.66T	\$8.82T	\$2.16T	32.4%	7.3%
1992 – 2000	\$8.82T	\$10.02T	\$1.20T	13.6%	1.6%
2000 – 2008	\$10.02T	\$14.06T	\$4.04T	40.3%	4.3%
2008 – 2016	\$14.06T	\$22.97T	\$8.91T	63.4%	6.3%
2016 – 2020	\$22.97T	\$31.76T	\$8.79T	38.3%	8.4%
2020 – Feb 2024	\$31.76T	\$34.59T	\$2.83T	8.9%	2.9%

Interest is approximately 16% of spending - \$433B to maintain debt

118th Congress

- Election year
- 1/3 Senate (Senator Hawley) and all House up for election / re-election
- Concerns about spending



Funding the Federal Government

- FINALLY - discretionary spending appropriations package enacted
 - Consolidated Appropriations Act (H.R. 4366 / H. Res. 1061)
 - Delayed Medicaid DSH payment reductions, extended MDH and enhanced low-volume payment adjustments and reduced the Medicare PFS payment cut to -1.7%
 - House 339 yeas, 85 nays and 8 not voting; Reps. Bush, Cleaver, Graves, Luetkemeyer, Smith and Wagner – yea, Reps. Alford and Burlison – nay
 - Senate 84 yeas, 22 nays and 3 not voting; Sen. Hawley and Schmitt - nay
 - Further Consolidated Appropriations Act (H.R. 2882 / H. Res. 1102)
 - Funds Health and Human Services
 - House 286 yeas, 134 nays and 12 not voting; Reps. Cleaver, Graves, Luetkemeyer and Smith – yea, Reps. Alford, Burlison, Bush and Wagner – nay
 - Senate 74 yeas, 24 nays and 2 not voting; Sen. Hawley and Schmitt - nay

118th Congressional Advocacy Issues

- Block site-neutrality adjustments
 - Lower Costs, More Transparency Act (H.R. 5378 – Rodgers, R-WA), the PATIENT Act (H.R. 3561 section 302 – Rodgers, R-WA) and the Health Care Price Transparency Act (H.R. 4822 section 203 – Smith, R-MO) – adjusts clinician administered drug services
 - SITE Act (S. 1869 – Braun, R-IN) – reduces Medicare payments for non-evaluation and management grandfathered HOPDs
 - Bipartisan Primary Care and Health Workforce Act (S. 2840 – Sanders, I-VT) – prohibit hospitals from charging E&M, OP behavioral health services and services furnished through telehealth facility fees in the commercial market
- Strengthen 340B
 - Enact PROTECT 340B Act (H.R. 2534 – Spanberger, D-VA) – prohibits insurer payment discrimination
 - Enact 340B PATIENTS Act (H.R. 7635 – Matsui, D-CA) and support SUSTAIN 340B (Senate discussion draft section 3) – prohibits contract pharmacy restrictions
- Temporary reinstatement of necessary provider status
 - Enact Save America’s Rural Hospitals Act (H.R. 833 section 114 – Graves, R-MO) – restores state authority to grant necessary provider status
 - Enact Rural Hospital Closure Relief Act (S. 1571 – Durbin, D-IL) – changes CAH eligibly
 - Enact Rural Health Care Access (H.R. 1128 – Green, R-TN) – remove the 35-mile rule

118th Congressional Advocacy Issues

- Physician Recruitment
 - Enact Resident Physician Shortage Reduction Act (H.R. 2389 – Sewell, D-AL / S. 1302 – Menendez, D-NJ) – adds 14,000 Medicare-funded residency slots
 - Enact The Conrad 30 and Physician Access Reauthorization Act (H.R. 4942 – Schneider, D-IL / S. 665 – Klobuchar, D-MN) – extends Conrad 30 program for three years
 - Enact Doctors in our Borders Act (H.R. 4875 – Lawler, R-NY) – increase the number of Conrad 30 waivers to 100
- Block prescribed staffing
 - Enact Protecting America's Seniors' Access to Care Act (H.R. 7513 – Fischbach, R-MN) – minimum staffing
 - Block H.R. 7546 – Matsui, D-CA) and S. 3860 – Merkley, D-OR) – limit overtime hours for nurses

118th Congressional Advocacy Issues

- Telehealth

- Enact the Telehealth Modernization Act (H.R. 7623 – Carter, R-GA)
- Enact the CONNECT for Health Act (H.R. 4189 – Thompson, D-CA / S. 2016 – Schatz, D-HI)
- Enact the Medicare Telehealth Privacy Act (H.R. 6364 – Balderson, R-OH)

- Medicare Advantage

- Enact the No UPCODE Act (S. 1002 – Cassidy, R-LA)
- Urge Congress to ensure CMS holds MA plans accountable for implementing recently finalized MA rules – prior authorization and API

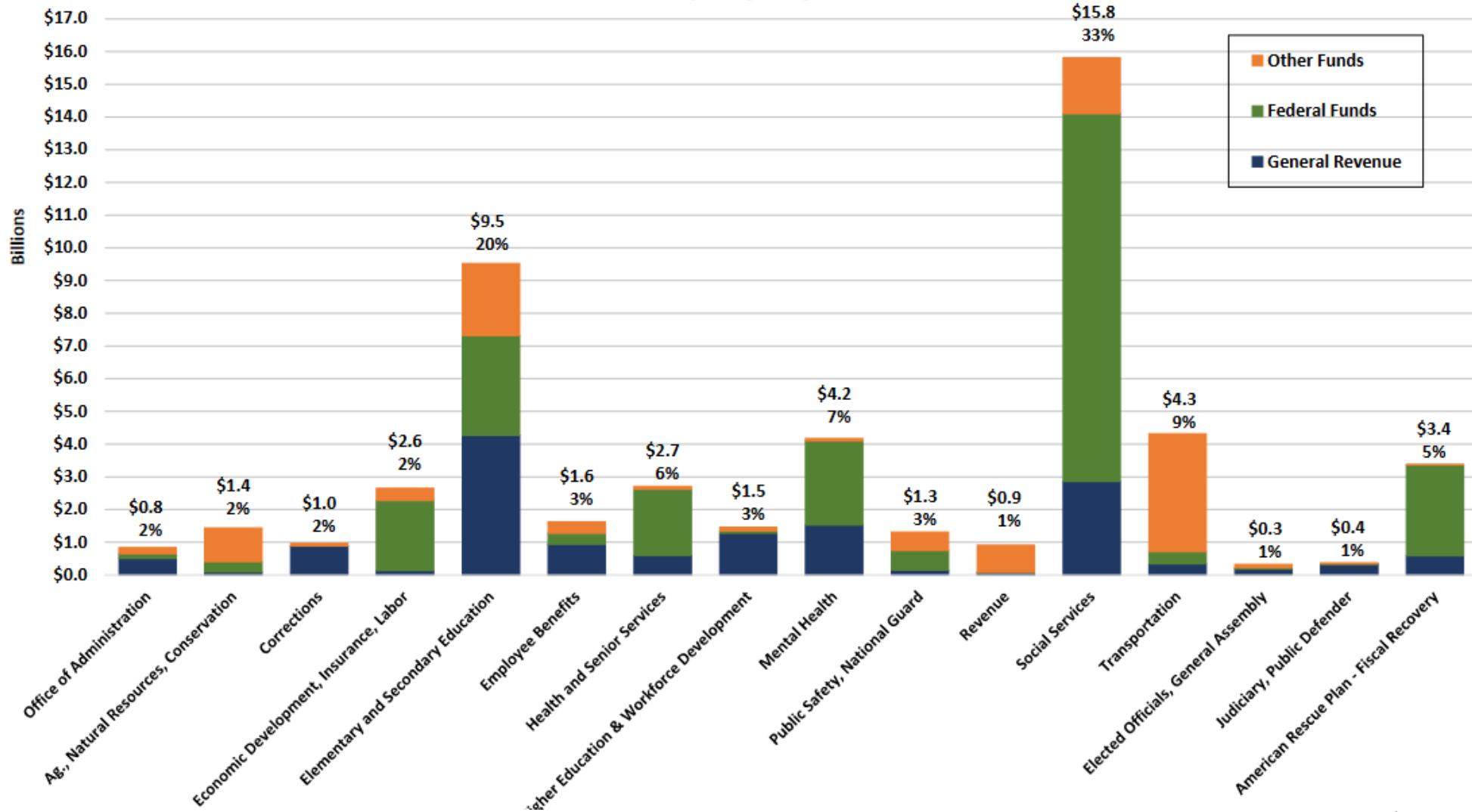
Medicare Payment Updates for 2025

Medicare	% Increase	\$ Increase
Hospice (Proposed)	2.6%	\$.705B
SNF PPS (Proposed)	4.1%	\$1.3B
IRF PPS (Proposed)	2.5%	\$.255B
IPF PPS (Proposed)	2.6%	\$.070B
Medicare Part C (Medicare Advantage)	3.70%	\$16B

FY 2025 Budget: Cash Balances

- Recent cash balances of state funds are at historic highs
 - Cash balances have accrued from federal COVID relief payments, Medicaid matching fund enhancements and strong GR revenue growth in fiscal years 2021 and 2022
- The projected FY 2025 beginning GR fund balance is \$3.2 billion
 - The average beginning GR balance in fiscal years 2017-2019 was \$30 million
- Medicaid-related balances from federal match rate bonuses (as of Dec. 31)
 - \$724.7 M FMAP Enhancement Fund
 - - \$422 M Medicaid Stabilization Fund
 - \$739 M FMAP Enhancement - Expansion Fund
 - These “GR-equivalent” balances have been set aside to pay for Medicaid caseload growth due to continuous coverage requirements under the COVID PHE, and for Medicaid expansion

FISCAL YEAR 2025 GOVERNOR'S RECOMMENDED OPERATING BUDGET (ALL FUNDS) - *\$51,819,603,984



Source: The Missouri Budget Fiscal Year 2025

FY 25 Governor's Recommended Budget Totals

- FY 25 proposed operating budget: \$51.8 billion
 - General Revenue \$14.7 billion - 4.1% (change from FY 24)
 - Other State Funds \$11.4 billion - 23.5%
 - Federal Funds \$25.7 billion + 42.4%
- The total proposed operating budget is 6.8% greater than the FY 24 budget passed by the General Assembly, and 38.1% greater than FY 23 spending
 - Past growth was driven the by federal pandemic relief funds, Medicaid expansion, transportation investments, slowing budget growth shows the influence of these factors is waning
- The Governor's proposed budget projects an ending FY 25 GR balance of \$1.6 billion
- Missouri House of Representatives adopted a lower budget of \$50.7 billion

State Legislative Update – 102nd General Assembly

- SB 748 – FRA renewal
- HB 1976 / SB 983 – Prior authorization
- HB 1943 / SB 986 – HOPD NPI
- HB 1837 / SB 1212 – Hospital price transparency and medical debt
- HB 2267 / SB 751 – White bagging, 340B and biosimilar

Questions and Comments



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