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## MEMORANDUM

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**DATE:** NOVEMBER 13, 2023

**TO:** MAYOR AND COUNCILORS OF THE CITY OF TAHLEQUAH

**FROM:** NORTHEASTERN HEALTH SYSTEM ADMINISTRATION

**RE:** MONTHLY REPORT – NOVEMBER 2023

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### **I. THE NEGATIVE IMPACT OF MEDICARE ADVANTAGE PLANS**

Rural hospitals are an important source of care for millions of Americans. In eastern Oklahoma, they provide inpatient services and emergency care to treat patients with time sensitive conditions. Compared with urban hospitals, rural hospitals have a lower volume of patients, limited access to staffing, and are often financially distressed. Many rural hospitals depend on Medicare as their main source of reimbursement because they serve populations that are older than the national average. The majority of Americans have Traditional Medicare plans. However, Medicare beneficiaries are increasingly enrolling in private plans through Medicare Advantage (MA). NHS anticipates nearly 50% of its Medicare patients will participate in a MA program by the end of 2024.

With MA open enrollment for seniors from October 15<sup>th</sup> – December 7<sup>th</sup>, patients must be aware that MA plans may reduce patient expense by limiting the service providers, complex plan offerings, and strict pre-authorization guidelines for care coverage. MA plans have restrictive networks and prior authorizations that frustrate both patients and providers. Also, MA programs utilize non-medical plan administrators for healthcare decisions and deny many procedures and claims.

The Medicare Payment Advisory Commission, a non-partisan agency of Congress in its March Report concluded that Medicare Advantage plans do not provide better quality over Traditional Medicare. Even worse, because the plans routinely deny coverage for necessary care, they are threatening the existence of struggling rural hospitals. Nationwide, many older Americans rely on Medicare Advantage in rural areas, while denials force hospitals to eat the increase in cost of care, causing some to close operations and leave residence without access to treatment or traditional community benefits.

The growth of these plans is often attributed to lower prices. They are sold as cheaper than paying for a Medicare Supplement. Another reason for the growth may be the significantly larger commissions the government pays to brokers. In 2020, broker commissions ranged between \$611 and \$762 for the first year. In 2022, 7.6 million MA plans were sold for \$ 257 billion in premium revenues. Meanwhile, rural nonprofit hospitals experience with MA plans, repeatedly they refuse to reimburse hospitals for the care they provide.



## **II. NHS HELPS CLINTON HOSPITAL REOPEN**

Clinton Regional Hospital reopened on October 30, 2023 as a Title 60 Public Trust. After 10 months of being closed, local officials and legislatures rallied to the community's aid.

The consulting arm of NHS, Northeastern Oklahoma Management Services Organization (NOMSO) was engaged to consult and advise on the conditions of participation required by CMS and State Department to reopen. Mike Thomas, NHS, Director of Life Safety spent the last six months working with Clinton's Board of Directors to re-establish a Hospital license.

The one story 93,000 square-foot hospital is reopening with 29 employees and is licensed for 22 beds alongside Emergency, Radiology, and Laboratory services.

## **III. NEW RURAL HEALTHCARE DISRUPTORS**

Retail chains are expanding rapidly in rural healthcare markets with their eye on patients. Walmart will be operating 75 clinics by the end of 2024, and Amazon is starting to open new locations since it purchased One Medical. In Tahlequah, QuikTrip opened its' brand of urgent care under the name MedWise. Other retailers like Dollar General, Walgreens, CVS, and Target see big opportunities to rapidly expand and potentially capture much of the primary care market.

Primary Care is the foundation of rural healthcare. Primary Care Providers (PCPs) traditionally serve as the patient's first point of contact for common medical issues. They build long-standing relationships with patients and are responsible for detecting warning signs, directing follow-up care to specialists and initiating referrals before a condition becomes a chronic disease.

Unfortunately, these providers often bear the brunt of many patient frustrations, including rising medical costs, poor insurance coverage, lack of access to specialist, long waiting times, labor shortages, and burn out. With so much disruption, rural providers must take steps to upgrade the patient experiences or lose market share.

The BMJ, one of the oldest medical trade journals published by British Medical Association outlined in 2003 what patients really want from their doctors that holds true today.

1. Eye contact,
2. Partnership,
3. Communication that they can understand,
4. Time with your doctor, and
5. Appointments in a reasonable time frame.

In fact 80% of patients say quality customer service is the most important factor they consider when choosing care.

Healthcare disruptors know service too well, and are creating growing expectations for convenient "retail like" experience. We must realize that patients prefer speed, selection, and



ease. Primary Care viability depends on improving the patient experience at a more affordable cost.

#### **IV. OSU VIRTUAL CARE GRANT**

NHS leadership met with officials from OSU Medicine to discuss their goals of their recent ARPA grant award. According to OSU, 77% of Oklahoma's population live in a health professional shortage area. The grant is designed to provide \$10 million to address access to clinical services in rural health professional shortage areas of southeast Oklahoma.

OSU's Virtual Care connects providers and their patients using medical grade equipment and technology. OSU clinicians utilize EKG, vital sign monitors, and other electronic medical equipment to perform patient assessments. The range of services include Telestroke, Cardiology, Hospitalist, Behavioral Health, and Remote Patient Monitoring.

Mike Shea, Executive Director of Strategic Initiatives for OSU Medicine indicated that the grant funding would provide these services to qualifying southeast Oklahoma healthcare providers at no cost for 12 months.

#### **V. ELECTROMYOGRAPHY (EMG) SERVICES ADDED TO NHS SERVICE OFFERINGS**

By January 2024, NHS and Dr. Ryan Pitts are proud to announce the addition of this new service line. Providers who need help with their patients to find out if muscles are responding the right way to nerve signals can get answers locally. The testing will be performed on an outpatient basis by providers that have completed the American Academy of Procedural Medicine training and competencies for electromyography.

Electromyography (EMG) measures muscle response or electrical activity in response to a nerve stimulation of the muscle. This diagnostic procedure is utilized to assess the health of muscles and the nerve cells that control them. EMG tests are used to help detect neuromuscular abnormalities. The results can reveal nerve dysfunction, muscle dysfunction or problems with nerve to muscle signal transmission.

#### **VI. LEGISLATIVE UPDATES**

##### **Washington**

The U. S. Supreme Court unanimously decide in favor of hospitals. The Department of Health and Human Services (HHS) issued a final ruling outlining the agencies remedy for the unlawful payment cuts to 340B drug pricing program. HHS will repay 340B hospitals \$9 billion that were unlawfully underpaid from 2018 to 2022 a single lump sum payment. To fix this funding error budget neutral, all providers will experience its' share of the underpayments with outpatient payment reductions.

**House Elects New Speaker** - After multiple rounds of votes and nominees, Representative Mike Johnson of Louisiana was elected House Speaker. Representative Johnson's victory



ended a three week vacancy in the speakership. During which time, the House was unable to take up new legislation. While the focus is largely around funding the government, several key healthcare policies are expiring, including the end of the delay of the implementation of \$8 billion in Medicaid DSH cuts.

**CMS New Proposed Rule-** The rule would establish penalties for Medicare providers that engage in information blocking. Under the proposal, hospitals and physicians found to have committed information blocking, would no longer be considered “meaningful users” and face reductions in their annual payment, reductions to their MIPS performance scores, or ultimately removed and excluded for participation in the Medicare Shared Savings Program.

**CMS Finalizes Payment Rules -** The final Outpatient Prospective Payment System rule for Calendar Year 2024 includes a 3.1% increase for hospital outpatient payments next year. Alternatively, the final physician fee schedule for Calendar Year 2024 includes a 3.5% reduction to the conversion factor to \$32.74. The final ruling for Home Health avoided a reduction of 5% instead, opting for a .8% increase in payments in 2024.