

5-Minute Briefing ...

*A periodic issues briefing on healthcare's hottest topics
from the New Jersey Hospital Association*

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The Healthcare Reform Law

Congress and private citizens alike remain divided on the recently passed healthcare reform law. But while some groups paint the issue of healthcare reform in stark black and white, the reality is that the broad, sweeping measure includes many shades of gray. Insurance reforms and other new provisions that show great promise in covering more Americans are tempered with funding cuts to providers that demand careful monitoring.

All told, the nation's hospitals conceded \$150 billion in federal funding over the next 10 years as part of their commitment to progress. For New Jersey providers, the reductions are projected to reach more than \$4 billion over the next decade. Other providers including nursing homes and hospice also face cuts.

The law hopes to balance those cuts with broader insurance coverage and advances in healthcare quality and efficiency.

"NJHA strongly supports the expansion of healthcare coverage to all New Jerseyans, and this bill will provide a step forward in achieving that goal by insuring a projected 920,000 more Garden State residents," said NJHA President and CEO Betsy Ryan. "However, the impact of the bill's reductions must be closely monitored to ensure that hospitals in our state are able to continue providing access to high-quality services as we await the anticipated benefits of broader health coverage."

The law's provisions will unfold over the next decade. Measures that will take effect this year include insurance reforms such as a ban on the use of pre-existing conditions to deny coverage and an elimination of lifetime caps in insurance coverage.

Also this year, Medicare will return to computing "budget-neutrality" associated with certain wage index floors on a national basis, rather than a state-specific basis. This rather obscure provision is a critical one to the Garden State, where hospitals may reap roughly \$50 million annually in Medicare wage index adjustments under the change.

The major Medicare cuts to hospitals and many other providers first kick in in 2011 and continue through 2019.

In that same span of time, the law will introduce several new programs and reforms intended to save money by improving quality, increasing efficiency and expanding the number of Americans with insurance coverage. They include: health insurance exchanges and an individual mandate for insurance coverage in 2014; a Workforce Commission and other initiatives to expand the supply of nurses and other healthcare workers; demonstration projects for tort reform; expanded use of electronic health records; and wellness program incentives.

"Healthcare providers and patients alike have long struggled under our disjointed and in many ways broken healthcare system," said Ryan. "There is no magic bullet to correct these problems overnight, but this new law offers tremendous promise for New Jersey's healthcare consumers, our physicians and hospitals, and most importantly, for New Jersey's 1.3 million residents without health insurance. We firmly believe that everyone – including insurance companies, hospitals, physicians and consumers – must have a stake in healthcare's future."

MICRO-UPDATE

- *The nation's hospitals agreed to \$150 billion in funding concessions over the next decade to help cover more Americans.*
- *New Jersey hospitals face more than \$4 billion in reductions.*
- *A projected 920,000 of New Jersey's 1.3 million uninsured residents would be covered under the law.*

NJHA is an education and information resource for New Jersey's elected leaders. For more information on this briefing or other healthcare issues, contact NJHA's Randy Minniear at 609-275-4119 or Jessica Cohen at 609-275-4192.