

CMS admits to underpaying dual-eligible health plans; issues with star ratings: The CMS recently released a highly technical document that, among other things, reveals it underpays health plans which enroll large numbers of people who are dually eligible for Medicare and Medicaid. To remedy that, the agency announced that it plans to modify its risk-adjustment model to make up for the underpayment. Compounding the underpayment issue is the fact that health plans which primarily serve low-income members who are dually eligible for Medicare and Medicaid have complained they unfairly get lower star ratings which make them ineligible for bonuses, and put them in danger of losing their Medicare contracts. The CMS has the statutory authority to boot a plan if it has fewer than three stars for three straight years. Although the CMS has historically dismissed industry complaints that Medicare's quality ratings and risk adjustments are unfair to plans that enroll low-income Americans with more complex health needs, the agency recently had a change of heart. The CMS' recently announced proposed changes to the quality ratings and the risk adjustments are, according to one CMS official, the agency's way of showing the healthcare industry that it is acknowledging its complaints. The CMS document outlines some tweaks to its risk model that officials believe will lead to more accurate payments to plans. The CMS is seeking comments on the proposed alterations by November 25, 2015, and will publish final changes in a notice for the following payment year in February 2016.

CMS to require prior authorizations for non-emergent ambulance services: The CMS will soon require prior authorization for regular non-emergency ambulance transportation in order for it to be covered under Medicare. The prior authorization program will begin in six (6) states that have been identified as the highest users of ambulance services for seniors who often need transportation three or more times a week to get to dialysis, cancer or wound treatment appointments. According to a 2013 OIG report, the number of ambulance transports reimbursed by Medicare Part B increased 69% between 2002 and 2011. In 2012 alone, Medicare Part B paid \$5.8 billion for ambulance transports. A June 2013 Medicare Payment Advisory Commission report found that the volume of ambulance transports to and from a dialysis facility increased 20% between 2007 and 2011, more than twice the rate of all other ambulance transports combined. The initiative is the expansion of an effort that began last year in New Jersey, Pennsylvania and South Carolina. While opponents of this pre-authorization cite potential for patient harm, the CMS said few issues have been reported to the agency from stakeholders in New Jersey, Pennsylvania and South Carolina and the agency believes the program has, in those states, been a success to date.

Atlantic Health settles property tax dispute with Morristown: In a decision issued in June, the Tax Court of New Jersey ruled that Morristown Medical Center, a not-for-profit hospital located in the Town of Morristown and owned by Atlantic Health System, was not entitled to a municipal property tax exemption as a not-for-profit entity. The Tax Court found that the hospital has relationships with for-profit subsidiaries, owns for-profit physician practices and pays its executives unreasonably high salaries, including \$5 million to its Chief Executive Officer in 2005. Finding these for-profit activities could not be separated from the hospital's charitable and not-for-profit functions, the Tax Court held that the hospital was not entitled to a property tax exemption. Indeed, in expansive language, the Court stated that if all not-for-profit hospitals operate in a similar fashion, "then for purposes of the property-tax exemption, modern nonprofit hospitals are essentially legal fictions." The implications of this ruling have reverberated throughout the nation, possibly calling into question the tax-exempt status of other nonprofit hospitals, as well as tax exemptions granted to nominally nonprofit health insurers. Municipal governments, seeking additional revenue, may well review the tax-exempt status of hospitals and other nonprofits located within their boundaries. These implications may result in legislative action defining what does, and does not, constitute tax-exempt status, in New Jersey as well as in other parts of the country. Atlantic Health settled the action by paying Morristown an amount which is reported to be between \$15.5 and \$26 million.

For more information on the above items, contact Kern Augustine Conroy & Schoppmann, P.C. at 1-800-445-0954 or via email at info@DrLaw.com.



INTRODUCING THE NEW PREMIER PROGRAM

We wanted to bring you a step closer to total legal coverage.
We thought you deserved more.

Email us at info@ThePAP.com for more details

To Stay Updated Daily: Search for "KERN AUGUSTINE CONROY & SCHOPPMANN, P.C." on

