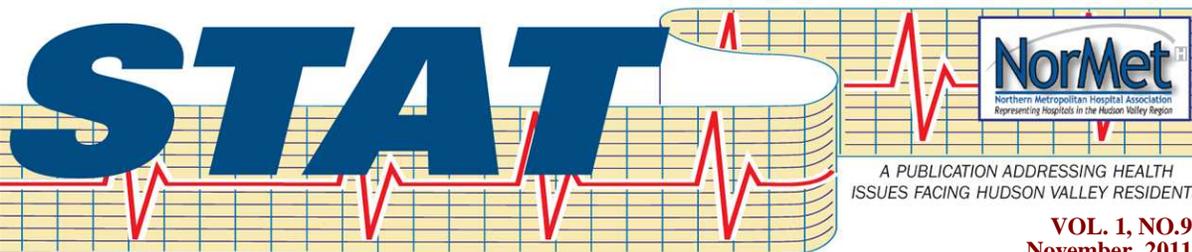


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Federal Update: Will the “Super Committee” Deliver? Will the Government Shut Down?

Super Committee: The deadline for the “Super Committee’s” federal deficit reduction plan is less than two weeks away and no definitive plan has yet emerged. What is known is that Republican and Democratic members of the committee are both considering hundreds of billions of dollars in reductions to Medicare and Medicaid. This is truly not a good sign for hospitals and patients in the Hudson Valley.

The “Super Committee” must find \$1.2 trillion in savings by November 23, 2011. But first, the commission’s plan must be scored by the Congressional Budget Office. As time ticks away, that task looms large and ever more difficult. The committee held a public hearing on November 1 and reviewed some of the earlier deficit reduction ideas proposed by President Obama’s own deficit reduction committee, among others.

Ideally, the committee will strike a reasonable balance between revenue raisers and program reductions. Tax code revisions that would close loopholes and limit tax deductions for filers hold bi-partisan interest. More contentious ideas include raising high-earner taxes, the retirement age, and Medicare co-pays and premiums.

A developing proposal is to institute significant Medicare payment reductions to inpatient rehabilitation facilities (IRF). Savings would be achieved by reverting to an old 75 percent threshold rule that says three-quarters of a facility’s rehabilitation patients must be admitted for a rehab condition that falls within one of 13 diagnoses categories. The threshold is currently 60 percent.

Congress has until December 23, 2011 to review and vote on the package. If the full \$1.2 trillion in savings is not found by the committee, then automatic-across-the-board cuts, including up to two percent to Medicare providers, will go into effect October 1, 2012.

Government Shutdown: Brewing alongside the “Super Committee’s” charge to reduce the federal deficit is a November 18, 2011 deadline to fund government operations. Unless Congress passes a budget for federal fiscal year 2012 by that date, funding for government operations will run out, effectively shutting down the government. Congress came close to not meeting two other deadlines earlier this year. House Republicans may be tempted to include amendments to budget bills, such as de-funding the Affordable Care Act, and thereby stall progress.

State Update: Medicaid Reforms Progress

The Medicaid Redesign Team (MRT), the public, private committee assembled by Governor Cuomo to find savings and efficiencies in the Medicaid program, voted earlier this month and approved the final recommendations from four of its nine work groups. During Phase One, the MRT worked alongside the governor’s office earlier this year to help it close an unprecedented budget gap without raising taxes. Nine work groups are continuing the reform efforts in Phase Two. Recommendations from the five other work groups will be voted upon by the full MRT on December 13, 2011.

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