Dateline: July 15, 2011

FY 2011-2012 State Budget Cuts Funding for Community Services

On June 30 PA Governor Tom Corbett signed into law the FY2011-12 Commonwealth budget. Education and public welfare programs suffered substantial cuts in funding. In Long Term Living the funding for Services to Persons with Disabilities, which includes the Independence, OBRA and CommCare waivers, has a net decrease of 8%. Funding for Attendant Care (which includes both the Attendant Care Waiver and state-only Act 150) is decreased by 16%. Medical Assistance Transportation is reduced more than 17%. In Developmental Programs, funding for intermediate care facilities for people with intellectual disabilities is decreased by approximately 1%. While base funding for programs for people with intellectual disabilities is increased by 3.8%, the final budget cuts $5 million in funding for residential room and board expenses from the MR waiver program and cuts an additional $13 million in MR waiver funding. The final budget for ODP autism programs is cut by 9% of the FY2011-2012 level. Early Intervention services (birth to age 3) has a 2% decrease from the previous year level. In the Mental Health and Substance Abuse Services there is a 1% decrease for Mental Health Services. Behavioral Health Services is reduced by 10% from FY 2010-2011 levels. The Human Services Development Fund which received $23.5 million in 2010-11 is funded at $15 million. The budget moves $1 million from Drug and Alcohol program funds to the line-item Transition for Department of Drug and Alcohol Programs. In Labor and Industry the OVR federal-state program is level-funded, but Supported Employment is reduced from the 2010-11 level of $455,000 to $418,000, a 10% reduction. Centers for Independent Living is reduced to $2,013,000, a near 3% reduction. Assistive Technology is reduced from $900,000 to $677,000, a near 25% reduction compared to 2010-2011. Special education has a 10% decrease. A $4.7 million line item of state funding for Intermediate Units is eliminated. The impact of the budget still remains uncertain since in producing the budget HB 960 was passed and enacted into law as Act 22 of 2011. Act 22 amends the Public Welfare Code to give the Secretary of Public Welfare the power to change rules and regulations on benefits, eligibility, fees/co-payments, and rates without legislative or public review. The changes are yet to be decided. FMI: To view HB 1485 (Act 1A of 2011) see http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2011&sind=0&body=H&type=B&BN=1485.

Nominations for 2011 PARF Annual Awards Due on August 12

PARF is seeking nominations for its 2011 PARF Annual Awards. The awards will be presented at the Annual Awards Luncheon, to be held Thursday, September 22, 2011 during the PARF Annual Conference at the Nittany Lion Inn, State College, PA. PARF Annual Awards will be presented in the following categories: Distinguished Career, Empowerment Happens, Distinguished Service, Rehabilitation Agency Recognition, and Rehabilitation Leadership Award Nominations for awards with accompanying materials must be submitted by Friday, August 12, 2011. If you need additional information, please contact the PARF office by phone at (717) 657-7608 or email either parfeducation@parf.org or parfmail@parf.org.
PARF NEWS
Dateline: July 15, 2011

OMHSAS Budget Briefing on July 26

Acting Deputy Secretary of the DPW Office of Mental Health and Substance Abuse Services (OMHSAS) Sherry H. Snyder will present a briefing on the FY2011-12 Pennsylvania Budget on Tuesday, July 26, 2011 from 2:00 pm. to 3:00 p.m. at the Clothes Tree conference center. Those planning to attend in person should reply to mocarter@state.pa.us. Others may participate via web ex. See https://padpw.webex.com/padpw/j.php?J=641966106&PW=NZGVIZDgzYjg4. Enter your name and email address and enter the meeting password: Afternoon. Then, click "Join Now". The Access code is 649 094 266. To join the audio conference only, call the call-in toll-free number (US/Canada): 1-866-699-3239. Toll-free dialing restrictions: http://www.webex.com/pdf/tollfree_restrictions.pdf. For assistance, go to https://padpw.webex.com/padpw/mc and on the left navigation bar, click "Support".
For additional assistance please contact: shawk@state.pa.us. Phone 717-783-8335.

FY 2010-2011 General Fund Revenue Collections 2.9% Above Budget

On July 1 the PA Department of Revenue announced that Pennsylvania collected $3.2 billion in General Fund revenue in June, which was $246.1 million, or 8.3 percent, more than anticipated. Fiscal year 2010-11 General Fund collections totaled $27.5 billion, which is $785.5 million, or 2.9 percent, above estimate. Sales tax collections for the fiscal year totaled $8.6 billion, which is $252.9 million, or 3 percent, more than anticipated. Fiscal-year-to-date personal income tax (PIT) collections totaled $10.4 billion, which is $311.2 million, or 3.1 percent, above estimate. Fiscal-year corporation tax collections totaled $4.9 billion, which is $245.4 million, or 5.3 percent, above estimate. Fiscal-year-to-date inheritance tax revenue reached a total of $805.2 million, which is $34.3 million, or 4.5 percent above estimate. YTD realty transfer tax revenue was $279.2 million, which is $39.4 million, or 12.4 percent less than anticipated. Year to date non-tax revenue totaled $1 billion – which is $11.2 million, or 1.1 percent, above estimate. FMI: See www.revenue.state.pa.us.

Next on Governor Corbett’s Agenda: Fees, Funding and Privatization

On July 13 PA Governor Tom Corbett outlined his agenda for legislative action plans for remainder of 2011. Governor Corbett said that he anticipated issues related to drilling in the Marcellus Shale and infrastructure for transportation would be among the first to be addressed when the legislature returns to session in September. The Marcellus Shale Advisory Commission is slated to issues its report on July 22 and it is expected that legislation will be developed in regard to Marcellus Shale. On August 1 the Transportation Funding Advisory Commission will issue its report, and it is expected that the panel will recommend ways to bridge an estimated $3.5 billion annual shortfall for road and bridge repairs. Among those options are increases to vehicle registration and driver’s license fees as well as boosting traffic fines and no longer capping the tax levied on the wholesale price of gasoline. Governor Corbett said that he will soon be convening a panel to look for ways that state government can be privatized or innovated. That commission will be organized later this summer. Meanwhile, plans for privatizing the state-run liquor stores and establishing a private school voucher program are also being considered. FMI: See http://www.post-gazette.com/pg/11194/1160037-454-0.stm#ixzz1SQHxsnfj
New Rules on HIV Testing and Healthcare Data

On July 7 PA Governor Tom Corbett signed into law legislation that would streamline HIV testing in Pennsylvania and ensure that state regulations are based on reliable data and sound science. Senate Bill 260, based on recommendations of the Centers for Disease Control and Prevention (CDC), amends Act 148 of 1990 -- Confidentiality of HIV-Related Information Act -- to streamline the testing process. When Act 148 was enacted, it required pre-test counseling and signed informed consent. The new law eliminates the counseling requirement and provides for an "opt-out" provision, whereby a patient is advised that a blood test will include testing for HIV unless he or she refuses. The new law provides for a more expeditious process as recommended by the CDC. Senate Bill 263 expands the scope of review by the Independent Regulatory Review Commission (IRRC) to include the examination of the quality of data, studies, reports and information underlying state regulations being implemented. Under the new law any state agency seeking to implement a regulation must provide to the IRRC a sufficient description of any data upon which the regulation is based as well as a detailed explanation of how the data was obtained and why the data is acceptable. FMI: See www.legis.state.pa.us

Industry Partnerships Signed into Law

On July 7 PA Governor Tom Corbett signed SB 552 into law. Senate Bill 552 amends Pennsylvania's Workforce Development Act to codify the Industry Partnerships program within the PA Department of Labor and Industry. The Industry Partnerships program brings together employers, educators and workforce representatives to ensure that workers and job-seekers have the tools and training they need to keep pace with the growing demands of Pennsylvania businesses. The program allows a cluster of businesses and organizations within an industry to work together to identify and address common workforce needs. According to the Pennsylvania Department of Labor and Industry, more than 118,000 workers have received training through the program since its creation in 2005. Workers who received training through the Industry Partnerships program received an average 6.62 percent increase in wages in the first year following training. FMI: See www.legis.state.pa.us.

Shelley Lawrence Appointed OIG Special Assistant to DPW

On July 6 Pennsylvania Inspector General Kenya Mann Faulkner announced the appointment of a new staff liaison to strengthen state government’s unified efforts to stop and prevent welfare fraud. Faulkner named Shelley L. Lawrence as a special assistant to work directly with the Department of Public Welfare. Lawrence, who has over 28 years of experience in the Department of Public Welfare (DPW) and the Office of Inspector General (OIG) most recently served as the OIG’s director of the Bureau of Fraud Prevention and Prosecution, which oversees the agency’s welfare fraud prevention and prosecution programs. In her new position, Lawrence will work to enhance communication between the two agencies to strengthen welfare fraud detection, prevention, prosecution, and overpayment collection activities. Lawrence will also work to identify, develop, and oversee programmatic changes, including computer system improvements. For more information about Pennsylvania’s Office of Inspector General, visit www.oig.state.pa.us.
ODP Announces FY 2011-2012 Revised Interim Rates Now Active in HCSIS

On July 11 the PA DPW Office of Developmental Programs (ODP) released ODP Announcement 09-11 announcing that its FY 2010-2011 rates have been rolled over into PROMISeTM and HCSIS and that they are now active as the FY 2011-2012 revised interim rates, retroactive to July 1, 2011. ODP says that providers who are eligible to recover additional payments on previously submitted paid claims may begin submitting claims adjustments or voids and resubmissions for services rendered and billed for the period July 1, 2011 through July 10, 2011. ODP advises that before submitting claim adjustments or voids and resubmissions, please remember to validate that the FY 2011-2012 revised interim rate was successfully uploaded to the ISP and that the services are authorized by reviewing your Service Authorization Notices in HCSIS. More information is provided in the attached Announcement. If additional information is needed, please contact PARF at parfmail@parf.org.

OMHSAS to Manage Funding for Transportation to Psychiatric Rehabilitation

On July 11 the PA Department of Public Welfare (DPW) Division of Medical Assistance Transportation (MATP) issued a memorandum indicting that effective August 1, 2011, the payment of trips for psychiatric rehabilitation services will be transitioned to the Office of Mental Health and Substance Abuse Services (OMHSAS). DPW instructed county MATP offices that they should not invoice MATP for these trips after July 31, 2011. The memo indicates that OMHSAS is working with county programs on rate adjustments and reinvestment plans to cover the cost of transportation for psychiatric rehabilitation services. OMHSAS confirmed that it was working on an approach that would provide mental health consumers with transportation to psychiatric rehabilitation services and would soon provide guidance to providers. FMI: Contact PARF at parfmail@parf.org.

OLTL Rescinds Policy Limiting Dual Enrollment for OLTL & ODP Services

On June 30 PA Office of Long Term Living (OLTL) issued a bulletin that served to rescind a previous policy relating to dual enrollment for services funded through OLTL home and community-based programs and services funded through the Office of Developmental Programs. OLTL explained that the previous bulletin was issued in an attempt to maximize the availability of waiver and other service programs provided through the OLTL and to ensure that services are not duplicated across service networks. However, OLTL subsequently determined that it should explore other mechanisms to avoid duplication in services across service networks. Questions or concerns concerning OLTL Bulletin 05-11-03, 51-11-03, 52-11-03, 55-11-03, 59-11-03 and the replacement of OLTL Bulletin 05-10-07, 51-10-07, 52-10-07, 55-10-07, 59-10-07 can be forwarded to the Office of Long-Term Living, Bureau of Individual Support, Bureau of Individual Support, Forum Place, 5th Floor, Harrisburg PA 17101 Phone (717) 787-8091. FMI: Contact PARF at parfmail@parf.org.
ODP Discontinues Continuous Evidence Based Oversight (CEBO) Reports

On July 14 the Pennsylvania Department of Public Welfare Office of Developmental Programs (ODO) announced in *ODP Communication Number: Announcement 091-11* to its administrative entities (AE) and staff that are responsible for preparing Continuous Evidence Based Oversight (CEBO) Reports that CEBO process was being discontinued. ODP dais that the current CEBO reports and process has been discontinued from the AE Oversight Monitoring Process. No quarterly report is due July 20, 2011. ODP said that a formal announcement to introduce Cycle 3 and the Monitoring Process going forward will be forthcoming. See [www.odpconsulting.net](http://www.odpconsulting.net)

MIG Supports Training Of Supported Employment Personnel

PARF member agencies that provide employment services for individuals with disabilities may receive for reimbursement for on line courses in employment for people with disabilities. As an initiative of the Medicaid Infrastructure Grant (CFDA 93.768), the Works for Me Program is offering staff development classes to agencies who provide employment services for individuals with disabilities. AHEDD has been authorized to reimburse organizations for staff that complete online courses through Virginia Commonwealth University’s Rehabilitation Research and Training Center. Registration must be completed by July 22, 2011. Participants/agencies who want to participate in the reimbursement program must complete the attached form and send a check payable to AHEDD for each participant on or before July 22, 2011. For questions about the reimbursement program, contact John Miller, AHEDD (717) 763-0968 ext 118 or john.miller@ahedd.org. For questions about the course curriculum available through VCU-RRTC see [www.worksupport.com/training/index.cfm](http://www.worksupport.com/training/index.cfm).
U.S. House Energy and Commerce Health Subcommittee Considers IPAB

On July 13 the U.S. House of Representatives Energy and Commerce Health Subcommittee held a hearing entitled *IPAB: The Controversial Consequences for Medicare and Seniors*. The hearing discussed the structure of the Independent Payment Advisory Board (IPAB), the 15 member board created in the health care reform law to cut Medicare spending. The subcommittee reviewed the process by which the board will develop proposals to reduce spending in the Medicare program and by which the recommendations of the Board will become law. The hearing also included a discussion of the possible impact of the board on Medicare program and the overall health care system. HHS Secretary Sebelius defended the board by claiming that it is prohibited from rationing care and will reduce excess cost growth in Medicare spending. For more information, see [http://energycommerce.house.gov/news/PRArticle.aspx?NewsID=8805](http://energycommerce.house.gov/news/PRArticle.aspx?NewsID=8805). The committee website is at [http://energycommerce.house.gov/](http://energycommerce.house.gov/). See also [www.house.gov](http://www.house.gov).

Contingency Plan to Raise Debt Limit Proposed

On July 12 Senate Minority Leader Mitch McConnell (R-KY) offered a contingency plan to raise the debt limit if an agreement could not be reached by Congress and the President. Under the contingency plan Congress would set up a process under which the President would seek debt limit increases three times over the next year and a half. The first request would call for an increase of $700 billion and the second and third requests for increases of $900 billion each, for a total of $2.5 trillion. Along with each request for additional borrowing authority, the administration would submit a corresponding set of spending cuts. However, these would not have to be voted on by lawmakers. Congress could move to block the increase request with a resolution of disapproval, but the President could then veto such a resolution which would require 2/3 of each chamber to override. Such an override is considered highly unlikely. Reaction to the plan was mixed. FMI: See [www.senate.gov](http://www.senate.gov).

U.S. Congress Moves Federal Budget Proposals for FY2012

On July 11 Senate Budget Committee Chairman Kent Conrad (D-ND) advanced the Senate’s FY 2012 budget resolution (S 1340). The resolution proposes capping spending at $1.058 trillion, $8 billion above current levels. Security spending would fall by $7 billion, to $681 billion, while discretionary domestic spending would rise by $15 billion, to $377 billion. The proposal also provides for $2 trillion in federal spending cuts and $2 trillion in new revenue to reduce deficits during the next decade. Senator Conrad is also seeking a tax code overhaul reducing the corporate tax rate to 29 percent from its current level of 35 percent, eliminating certain tax credits and loopholes, and raising tax rates for high incomes. The proposal would freeze salaries of civilian federal employees for two years, reduce the size of the federal vehicle fleet by 20 percent, cut travel costs for agencies by 20 percent and cut printing costs and the number of federal contractors. Meanwhile on July 11, House members were postponing a subcommittee markup of the FY 2012 Transportation-HUD spending bill. By the end of this week, the panel is expected to have approved nine of its 12 spending bills. The three remaining bills — Transportation-HUD, State-foreign Operations, and Labor-HHS — have not yet been approved at the subcommittee level. See [www.senate.gov](http://www.senate.gov) and [www.house.gov](http://www.house.gov).
Social Security Announces New Compassionate Allowances Conditions

Michael J. Astrue, Commissioner of Social Security, announced 12 additional Compassionate Allowances conditions involving severe heart diseases, bringing the total number of conditions in the expedited disability process to 100. Compassionate Allowances are intended to quickly identify diseases and other medical conditions that, by definition, meet Social Security’s standards for disability benefits. These conditions primarily include certain cancers, adult brain disorders, and a number of rare disorders that affect children. SSA said that if is now able to do so precisely that for 100 severe conditions. The Compassionate Allowances initiative is one of two parts of the agency’s fast-track system for certain disability claims. SSA said that Social Security has held seven public hearings and worked with experts to develop the list of Compassionate Allowances conditions. Beginning in August, Social Security is eliminating this part of the application process for people who have a condition on the list. FMI: For information on the initiative, see www.socialsecurity.gov/compassionateallowances.

U.S. Labor Department Testifies on Employment for People with Disabilities

On July 14 Kathy Martinez, Assistant Secretary of Labor for the Office of Disability Employment Policy, testified before the U.S. Senate Committee on Health, Education, Labor and Pensions to discuss the U.S. Department of Labor's public and private partnership initiatives designed to connect people with disabilities and employment opportunities. Martinez told the committee that the department is taking concrete steps to increase employment outcomes in the private and public sectors. She also discussed the agency's efforts to promote emerging technology for workers with disabilities, improve education and job training for unemployed youth and adults with disabilities, and provide assistance to human resource professionals at federal agencies to develop recruitment and hiring strategies as well as training programs. Martinez's testimony is available at http://www.dol.gov/_sec/media/congress/20110714_Martinez.htm.

DOJ Issues Bulletin on Enforcement of Integration Mandate in ADA/Olmstead

On June 22 the United States Department of Justice (DOJ) issued a Statement on Enforcement of the Integration Mandate of the ADA and Olmstead. For Information Bulletin # 334 see http://www.ada.gov/olmstead/q&a_olmstead.htm. In its statement issued in recognition of the 12th anniversary of the Supreme Court's Olmstead decision, DOJ says that to comply with the ADA’s integration mandate, public entities must reasonably modify their policies, procedures or practices when necessary to avoid discrimination. DOJ says that the obligation to make reasonable modifications may be excused only where the public entity demonstrates that the requested modifications would “fundamentally alter” its service system. DOJ says that it has created its technical assistance guide to assist individuals in understanding their rights and public entities in understanding their obligations under the ADA and Olmstead. This guide catalogs and explains the positions the Department of Justice has taken in its Olmstead enforcement. It reflects the views of the Department of Justice only. For questions about the guide, contact the DOJ ADA Information Line, 800-514-0301 (voice), 800-514-0383 (TTY). http://www.ada.gov/olmstead/q&a_olmstead.htm.
CMS Publishes FY 2012 MPFS Proposed Rule

On July 1 the Centers for Medicare and Medicaid Services (CMS) displayed the Calendar Year (CY) 2012 Medicare Physician Fee Schedule (MPFS) Proposed Rule. This proposed rule to be published on July 18, 2011 would implement provisions of the Patient Protection and Affordable Care Act (PPACA) as well as annual updates to the MPFS as required by law. Total payments for CY 2012 are projected to total $80 billion. In the proposed rule CMS projects the reduction to Medicare payments as a result of the flawed sustainable growth rate (SGR) formula will be 29.5% in CY 2012. These cuts affect physician and therapists’ payments. In addition, both the therapy cap and the expiration of the exceptions process are not included in the proposed rule. The therapy cap exceptions process will expire on December 31, 2011 unless Congress passes legislation extending it and the therapy cap will be in effect. FMI: See http://www.cms.gov/center/hospital.asp for CMS-1525-P.

HHS Announces Initiatives on Medicare and Medicaid Benefits for Dual-eligibles

On July 8 the U.S. Department of Health and Human Services (HHS) announced three new initiatives to help states improve the quality and lower the cost of care for the approximately nine million Americans who are eligible for both Medicare and Medicaid (dual eligibles). These three initiatives include: (a) A demonstration program to test two new financial models designed to help states improve quality and share in the lower costs that result from better coordinating care for individuals enrolled in Medicare and Medicaid; (b) a demonstration program to help states improve the quality of care for people in nursing homes by providing these individuals with the treatment they need without having to unnecessarily go to a hospital; and (c) a technical resource center available to all states to help them improve care for high-need high-cost beneficiaries. FMI: See http://www.hhs.gov/news/press/2011pres/07/20110708a.html. See also www.hhs.gov. More information about these initiatives is available at: https://www.cms.gov/apps/media/fact_sheets.asp. To see a blog posting by CMS Administrator Don Berwick on this topic see http://www.healthcare.gov/news/blog/seniors07082011.html.

CMS Publishes Rule to Implement Affordable Insurance Exchanges

HHS OIG Finds Major Problems in Medicaid Services in Adult Day Health Setting

On July 14 the U.S. Department of Health & Human Services Office of Inspector General (HHS-OIG) posted Medicaid Services Provided in an Adult Day Health Setting (OEI-09-07-00500) at http://go.usa.gov/Bxf. HHS OIG noted that Medicaid requirements, individual States establish the specific requirements that must be met for Medicaid reimbursement of adult day health services. In its study, HHS OIG focused on the 12 States that, as of December 31, 2007, provided nursing- and therapy-focused adult day health services through a State plan benefit to primarily elderly or disabled individuals. HHS OIG recommended that CMS: (1) specify what services are required for Medicaid reimbursement of adult day health services, (2) direct states to enforce supervision requirements for staff who provide therapy services in Medicaid adult day health centers, and (3) take appropriate action to address the centers that did not respond to repeated data requests. In its written comments CMS concurred with all recommendations and outlined the steps it will take to implement them. FMI: See Office of Inspector General at http://oig.hhs.gov.

CMS Proposes ACA Standards for Reinsurance, Risk Corridors & Risk Adjustment


CMS Funding for Partnership for Patients Projects

On July 8 US Department of Health and Human Services (HHS) announced two funding opportunities created by the Affordable Care Act: The Community-Based Care Transitions Program will provide up to $500 million in funding for community based organizations in partnership with hospitals to help patients safely transition between settings of care. To read more about this program and how to apply, visit http://www.Healthcare.gov/center/programs/partnership/safer/transitions_.html. Applications will be accepted on a rolling basis. In addition, the CMS Innovation Center has posted a request for bids for state, regional, national, or hospital system organizations to manage improvement projects that affiliated hospitals may join. To read the solicitation, visit https://www.FBO.gov/spg/HHS/HCFA/AGG APP111513/listing.html. For more information on the Partnership for Patients initiative and success stories, or to join, visit http://www.Healthcare.gov/partnershipforpatients. The full text of this excerpted press release can be found on the CMS website at http://www.CMS.gov/apps/media/press/release.asp?Counter=4019.
CMS Proposes Policy & Payment Changes For Hospital Outpatient Department Services

On July 1 the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule that would update payment policies and payment rates for services furnished to Medicare beneficiaries in hospital outpatient departments (HOPDs) and ambulatory surgical centers (ASCs) beginning January 1, 2012. The proposed rule projects an outpatient department fee schedule increase factor – more commonly called the “market basket update” – for CY 2012 of 1.5 percent (2.8 percent, based on the projected hospital inpatient market basket percentage increase for inpatient services paid under the Inpatient Prospective Payment System (IPPS) minus an estimated 1.2 percentage points multifactor productivity adjustment minus a 0.1 percentage point adjustment). CMS said that in response to concerns expressed by stakeholders during the CY 2011 OPPS rulemaking cycle regarding appropriate levels of supervision for therapeutic outpatient services, CMS is proposing to establish an independent advisory review process for consideration of stakeholder requests for assignment of supervision levels other than direct supervision for specific outpatient hospital therapeutic services. The proposed rule also contains proposals that would strengthen the Hospital Value-Based Purchasing (HVBP) Program. The HVBP Program, which was required by the Affordable Care Act of 2010, will tie a portion of a hospital’s payment for inpatient stays under the Inpatient Prospective Payment System in fiscal year (FY) 2014 to its performance score on a set of quality measures. CMS issued a final rule establishing this program in April of this year. In this proposed rule, CMS is making additional proposals for the FY 2014 Hospital Value-Based Purchasing program. Specifically, CMS is proposing to add one clinical process of care measure to guard against infections from urinary catheters. CMS is also proposing to establish the performance periods, standards and a weighting scheme for the FY 2014 Hospital VBP program. CMS will accept comments on the proposed rule until Aug. 30, 2011, and will respond to all comments in a final rule to be issued by Nov. 1, 2011.

CMS is also proposing changes to the Medicare Electronic Health Record Incentive Program that would allow eligible hospitals and critical access hospitals (CAHs) to report clinical quality measures for 2012 by participating in an electronic reporting pilot. The proposed rule would continue to strengthen the Hospital Outpatient Quality Reporting Program and for the first time establish a quality reporting program for ASCs. Finally, the proposed rule would implement certain provisions in the Affordable Care Act affecting the expansion of physician-owned hospitals. The Affordable Care Act narrows access to the “rural provider” and “whole hospital” exceptions, in part by limiting the ability of existing physician-owned hospitals to expand their capacity. However, the Affordable Care Act also requires CMS to create a process for certain physician-owned hospitals to apply for an exception to the prohibition on expansion of facility capacity. The proposed exception process for expanding a physician-owned hospital’s facility capacity mirrors the statutory criteria. In April, CMS issued a final rule establishing the HVBP and designating a set of 12 clinical process of care measures that would be used in determining a hospital’s performance. For more information on the CY 2012 proposals for the OPPS and the ASC payment system, please see: