



2014 ANNUAL REPORT TO MEMBERSHIP



Letter to Members

The New Hampshire Hospital Association serves as an important forum for hospitals across the state to come together to advocate proactively for meaningful change and health care policies and regulations that best serve our patients. It is through our work together that we can be effective advocates for the patients and communities who depend on us.

The year 2014 will no doubt go down as one of the most significant in terms of enactment of legislation and health policy. First, the passage of the bipartisan SB 413 to expand coverage and access to care for tens of thousands of low-income, uninsured Granite State residents through a unique, New Hampshire-based solution of private health insurance; and second, the passage of SB 369 to implement a settlement agreement between hospitals and the State of New Hampshire to resolve the many contentious and long-standing challenges around the Medicaid Enhancement Tax (MET) and Medicaid Disproportionate Share (DSH) Hospital program.

The Association and each of its member institutions were successful because we were able to come together with a common purpose and objective. Legislative and policy outcomes are not defined by perfection, but rather by the ability to achieve the best possible outcome given the environment and other circumstances. The unity and sense of purpose that characterized our work and success this past year will serve us well as we face the challenges and opportunities ahead, such as the implementation of the MET settlement agreement, reauthorization of the New Hampshire Health Protection Plan, addressing the ongoing mental health crisis and more.

The Association is pleased to welcome back one member, Concord Hospital, earlier this fall and is excited to welcome another member, Elliot Hospital, beginning in January of 2015. The return of these two members is an important signal of the strength and relevance of our work together. But it's also a significant reminder that the Association must continue to strive to understand and to serve the needs of its members. To that end, the NHHA Board of Trustees has convened an ad hoc strategy and dues task force to ensure that the Association meets and exceeds its members' expectations today and into the future.

The recent conclusion of the landmark federal quality initiative, the Partnership for Patients, saw New Hampshire hospitals once again as a leader in the nation of providing high quality, evidence-based care. As a result of the Partnership and efforts led by the Foundation for Healthy Communities and hospitals across the state, New Hampshire hospitals improved care, reduced harm and achieved significant cost savings for the care delivered to their patients, which means that scarce resources across the system are being better utilized.

The recent Ebola crisis in West Africa is another reminder of how our hospitals are always preparing to address whatever emergency comes through their doors. As they have since the attacks on our country on 9/11, New Hampshire hospitals continue to partner with one another and with local, state and federal partners to ensure that they are prepared 24 hours a day, 7 days a week, 365 days a year for whatever might strike their communities. We are heartened and assured by their dedication, preparedness and readiness to protect and to serve.

Hospitals in New Hampshire are evolving to meet the needs of their patients and their communities, but as they change and adapt, one thing will remain constant: they will continue to be the special places of health, healing and hope that they have been for decades.

Sincerely,



A handwritten signature in blue ink that reads "Henry Lipman".

Henry Lipman
Chair



A handwritten signature in blue ink that reads "Steve Ahnen".

Steve Ahnen
President

ADVOCACY

NHHA's advocacy efforts support our members as they care for the patients and communities who decades earlier created them, sustain them today and depend on them to be there in the future. New Hampshire's lawmakers – both state legislators and our Congressional delegation – need to be made aware of the challenges hospitals and health systems face, and the effect policies and regulations are having on hospitals' ability to provide accessible, high quality, affordable care.

NHHA and our member hospitals worked on a number of important policy initiatives, including:

- **Enactment of SB 413, the New Hampshire Health Protection Plan (NHPP)** to extend coverage to as many as 50,000 to 60,000 low-income, uninsured Granite State residents through private health insurance. This is great news for patients because it ensures they are able to get the right care, at the right time, and in the right place to prevent illness and manage their chronic conditions to remain healthy. But it's also good news for businesses and those with insurance who have been paying the hidden tax of funding care for the uninsured and helping to reduce the cost of health care in New Hampshire.
- **Enactment of SB 369 to implement the settlement agreement** between 25 hospitals and the State of New Hampshire over the lawsuits in New Hampshire Superior Court over the constitutionality of the Medicaid Enhancement Tax (MET). The legislation continues the MET but provides a more stable and predictable revenue stream authorizing its use exclusively for the purposes of patient care and DSH payments to hospitals. The law reduces the rate of the MET over time (5.45% in 2016, 5.4% in 2017, with the possibility of further reductions should aggregate uncompensated care levels fall below a certain threshold). Hospitals will be guaranteed DSH payments at the rate of 75% of their uncompensated care (UCC) levels for Critical Access Hospitals, at 50% (FY 2016, 2017) and 55% (FY 2018, 2019 and thereafter) of UCC for PPS hospitals. In addition, SB 369 removes freestanding rehabilitation facilities from being subject to the MET.
- **Continued advocacy around the behavioral health crisis in New Hampshire.** Despite enactment of important funding for additional behavioral health services in the last budget, patients in a psychiatric crisis are forced to wait days in hospital EDs around the state while they wait for a bed at New Hampshire Hospital. A report issued in April by the Foundation for Healthy Communities showed that one of the major reasons for the bottleneck at New Hampshire Hospital was a lack of adequate housing for patients who were ready to leave the hospital. NHHA's advocacy for additional inpatient and outpatient services helped to enact legislation to implement and fund the settlement between the State of New Hampshire and the US Department of Justice, as well as to adopt legislation to establish a new 10-bed psychiatric crisis unit at New Hampshire Hospital to no later than July 1, 2015.
- **The Association's advocacy for the submission of a Section 1115 Transformation Waiver** to the US Department of Health and Human Services resulted in the submission of a waiver by NH DHHS. Its major focus the improvement of services and programs for those suffering mental health and substance use disorders. NH DHHS has been working with NHHA to refine and strengthen its waiver application, which we believe will be more effective in transforming care for these patients.
- **The annual federal DSH audits** have been challenging for hospitals as they approached the audits of the 2011 DSH payments. This was described by federal officials as a "transition year" in which New Hampshire's DSH program was moved away from how it operated for nearly 20 years when a hospital's tax liability was identical to its DSH payment. A number of inconsistencies in the underlying data have been identified in the audit process and has resulted in multiple delays in reporting as NH DHHS works with its auditors from Myers and Stauffers to re-run the audits. NHHA will continue to monitor this process to ensure that the audits are accurate and fair and that all appropriate rules and regulations are followed.



Henry Lipman

ADVOCACY (cont.)

- **Implementation of Medicaid Managed Care.** NHHA is continuing to monitor New Hampshire's implementation of Medicaid care management to ensure that it is working appropriately and any issues, be they related to patient care or payment, are addressed quickly and efficiently.
- **Medicaid Access to Care.** Through NHHA's leadership, NH DHHS convened a meeting with hospitals, the Medicaid Managed Care MCOs and the Department to discuss opportunities for us to partner with one another to ensure Medicaid beneficiaries are able to access care in the right place at the right time and avoid unnecessary or inappropriate use of the hospital emergency department (ED). Several innovative approaches were identified and we look forward to continuing that partnership in the year ahead.
- **Medicaid Claims.** Claims issues related to the conversion of the state's Medicaid Management Information System (MMIS) from HP to Xerox continue to languish and NHHA has been pushing for resolution of these claim denials through monthly calls and meetings with the NH DHHS. While some progress has been made, work will continue on the multitude of issues until these claims have been resolved and paid.
- **Federal Advocacy.** On the federal front, NHHA remained in communication with NH Senators Shaheen and Ayotte and Congress-women Kuster and Shea-Porter on a whole host of issues including "site-neutral" payments, "two-midnight" rule, 96-hour supervision requirements, comprehensive rural hospital legislation and the 340B program. NHHA worked with our federal delegation on the recently enacted Veteran's Affairs (VA) legislation. Veterans enrolled in the VA health system will now have an opportunity to receive care from a civilian health care provider at the department's expense when they cannot get an appointment within the department's current wait-time goal (14 days), or who lives more than 40 miles from a VA medical facility. It provides roughly \$17 billion over three years in emergency mandatory funds, of which \$10 billion would be dedicated to subsidizing care outside the VA system. Another \$5 billion of the emergency mandatory funds would permit the VA to hire additional staff and upgrade facilities to meet health care demands. New Hampshire received special attention by limiting the mileage requirement to 20 miles since our state does not have an inpatient VA Medical Center. Regulations are now being reviewed to cover specific implementation requirements and NHHA will work with the AHA and our member hospitals to provide specific comments to the VA to ensure the final rule is able to serve veterans and those who care for them in New Hampshire.
- **Ebola Preparedness.** NHHA and NH DHHS are working together on the potential for Ebola patients being seen in a New Hampshire hospital. Review of CDC and WHO guidelines, sharing of hospital preparedness checklists for Ebola preparations, webinars with NH public health officials and identifying resource needs such as adequate protective equipment and isolation capacity are ongoing. Infectious Disease Specialists, Infection Prevention Coordinators and Hospital Emergency Preparedness Coordinators, among others, have been an integral part of the planning and discussions. All hospitals are ready to identify and isolate a suspect Ebola patient and to inform NH DHHS to create a unified response for appropriately caring for the individual. Dartmouth-Hitchcock Medical Center (DHMC) has volunteered to serve as a referral center for Ebola patients in New Hampshire which is an important part of supporting all caregivers in our state.
- **503B Outsourcing of Compounded Pharmaceuticals.** NHHA has been working with a stakeholder group (including NH Medical Society, NH Board of Medicine, NH Society of Health System Pharmacists and 503B facilities) to address the Board of Pharmacy's ruling in September to not license 503B outsourcing facilities as of February 28, 2015 based on concerns focused on patient safety, a new regulatory process for inspecting these facilities by the FDA and lack of clarity in the NH Board of Pharmacy's statutory authority to license these facilities. 503B outsourcing facilities supply a large amount of (*see next page*)

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ADVOCACY (cont.)

compounded pharmaceutical drugs to NH's hospitals and other healthcare providers so the prospect of not having access to these products would have a direct and immediate impact on the delivery of healthcare services in our state. We have learned that the NH Board of Pharmacy is the only state pharmacy board in the country to take this type of action. Our stakeholder group believes that there are several steps that the NH Board of Pharmacy can consider to continue to allow these facilities to ship safely compounded products to NH hospitals and healthcare providers while at the same time ensuring patient safety. We were able to make our case during a special public hearing in early December and have partnered with the NH Board of Pharmacy to craft legislation that would provide for direct supervision and licensure of 503B facilities. We will continue to work with our stakeholder group and the NH Board of Pharmacy to find solutions to ensure patient safety and access for our patients.

- Workers compensation.** The Governor established a commission in May to study Workers Compensation (WC) costs. Ted Dudley, EVP/CFO of Catholic Medical Center represented NHHA on the commission, that began meeting in late September for approximately eight (8) weeks. The commission issued recommendations to continue the commission's work and to collect worker's compensation claims data in an effort to make publicly available comprehensive data to allow for better analysis and informed decisions on how best to reform the system. The commission also recommended to implement a registered, accredited pharmacy management program. NHHA will continue to work towards a reasonable solution that does not impose a simplistic solution that some business advocates are supporting that would lead to a mandated fee schedule.
- State Health Plan.** NHHA has been monitoring the Health Services and Planning Review Board's (CON Board) work that began a year ago to develop a state health plan. More recently, NHHA formed a State Health Plan (SHP) Task Force to develop NHHA's position on the SHP as it evolves and to inform its ongoing development. NHHA will continue its active participation in this process. Most recently, NHHA submitted comments to the CON Board on its first draft report suggesting that the SHP build a vision for an effective healthcare system, develop consensus around that vision, and garner support around the direction of health care allocation in our state to achieve that end.
- Access to Health Insurance.** The Foundation for Healthy Communities has served to help people throughout New Hampshire to sign up for health insurance coverage under the Patient Protection and Affordable Care Act. The Foundation's staff worked during the first and now the second enrollment period to help individuals learn about the Marketplace or obtain health insurance. They worked with hospitals to hold outreach and education sessions to help people enroll. Their services were offered at locations and times that were convenient so that people would have the ability to seek out this help. To be able to assist our growing diverse population, bilingual staff were able to assist those who speak Spanish and Portuguese.



Marketplace Assister Daniel Maradiaga

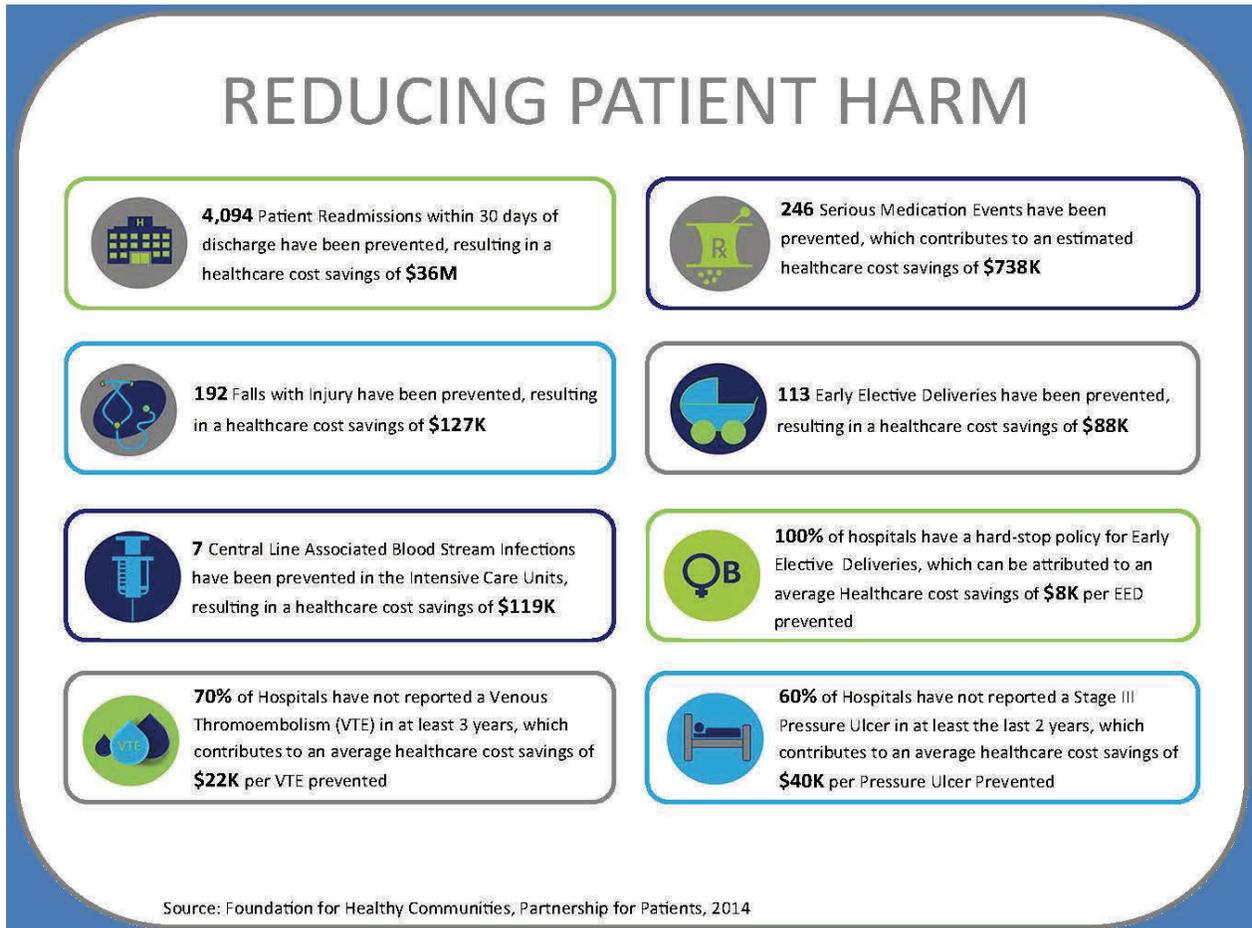
HEALTHCARE DELIVERY, QUALITY, ACCESSIBILITY AND AFFORDABILITY

The NHHA and the Foundation for Healthy Communities have made great strides working with our hospitals to improve the quality of care in New Hampshire through the federal Partnership for Patients initiative.

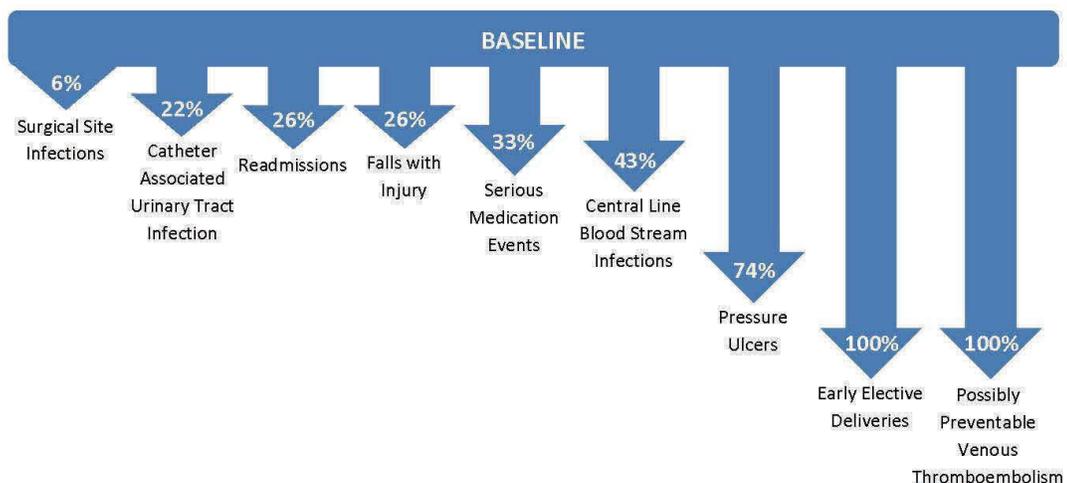
New Hampshire hospitals have been doing outstanding work through the Partnership for Patients over the past three years. In a recent report, we confirmed significantly improved patient safety and quality of care. Nearly 5,000 adverse events

HEALTHCARE DELIVERY, QUALITY, ACCESSIBILITY AND AFFORDABILITY (cont.)

capable of causing harm to patients were avoided. As a result, healthcare spending by Medicare, other insurers, patients and hospitals has been reduced by more than \$40 million from 2011 through June, 2014. Specific efforts toward patient safety and health care improvement across the state’s hospitals continue in many areas, including enhanced care coordination among hospitals, long term care facilities, home care agencies and other healthcare providers to reduce preventable readmissions. Hospitals are continuing to promote and enhance a culture of patient and family engagement in healthcare decision making; reducing or eliminating adverse drug events, healthcare associated infections, injuries from patient falls and extended immobility.



The following graph shows just how much has been achieved by New Hampshire’s hospitals.



HEALTHCARE DELIVERY, QUALITY, ACCESSIBILITY AND AFFORDABILITY (cont.)

Other Foundation quality improvement initiatives include:

- Selection by the AHA's Health Research and Educational Trust (HRET) to be one of six statewide lead organizations across the country for a pilot program to foster a patient safety culture and improved clinical practice in long term care facilities. The Foundation is working with staff from 12 long term care facilities in New Hampshire to provide access to national experts in the prevention of health care facility acquired infections and developing a culture of patient safety.
- Coaching a majority of New Hampshire hospitals on patient and family engagement strategies, partnering with national quality and patient safety expert, Tanya Lord, MPH, PhD. This work is bringing the voice of the patient and family to the work of our hospitals as they seek to transform care.
- Dissemination and education of the Provider Orders for Life Sustaining Treatment, or POLST. This is a multi-year effort for patient engagement to identify their goals of care and to assist with patient care transitions. Leading expert, Alvin "Woody" Moss, MD, FACP, from the University of West Virginia School of Medicine, was the featured presenter at a Foundation conference to help health care providers in New Hampshire increase understanding of POLST.

NHHA GOVERNANCE AND OPERATIONS

The Association is committed to working with its members to develop a proactive agenda to transform the health care system in New Hampshire to best serve the patients who depend on them. The work of the Association over the past year to navigate the challenging politics and policy of Medicaid expansion and the MET settlement is a testament to the importance of a unified hospital advocacy strategy and message. Our effectiveness depends on it and is what produced results this past year.

The return of two hospital members to the Association, Concord Hospital and Elliot Hospital, is a strong signal of the relevance and importance of our work together. But it's also a reminder of the need for the Association to always work to ensure it is meeting and exceeding member needs today and into the future. As the health care landscape continues to undergo dramatic and fundamental change, the Association must also adapt and change to meet that new environment. To this end, the NHHA Board of Trustees has convened an ad hoc task force to examine the strategy and dues of the Association to ensure that we are a strong voice for our members today and tomorrow. The task force will conduct its work over the next several months with an expected report to the NHHA Board in 2015 that will help propel the Association into the future.

We want to extend our appreciation to hospital chief executives, senior management, clinical leaders and other staff in your organizations who work side-by-side with NHHA and FHC staff as we pursue our collective focus on high quality, accessible patient care. The dedication of your time and expertise by participating on task forces, committees, commissions and peer groups, as well as involvement in our advocacy efforts in Concord and in Washington, DC, is exemplary and is what allows us to work together with a unified voice to shape the Association.

The NHHA Board of Trustees continues to guide the Association in partnership with staff to provide leadership, information and resources to help members navigate the changing health care landscape. But the Association strength comes from the active participation and engagement of each one of its members, and we look forward to strengthening those relationships in the months and years to come.

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Our Vision

The NHHA vision is to be THE leading and respected voice for hospitals and health care delivery systems in New Hampshire working together to deliver compassionate, accessible, high quality, financially sustainable health care to the patients and communities they serve.

Our Mission

The NHHA mission is to provide leadership through advocacy, education and information in support of its member hospitals and health care delivery systems in delivering high quality health care to the patients and communities they serve.

Our Values

Leadership
Innovation
Integrity
Excellence
Efficiency
Engagement
Teamwork

