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PULSE



Health Care Spending Reaches \$4.5 Trillion

U.S. health care spending grew by 4.1% in 2022, according to recent data from the CMS.

The Centers for Medicare & Medicaid Services (CMS) recently released a [report published in Health Affairs](#) shedding light on U.S. health care spending in 2022.

The report found that health care spending surpassed the \$4.5 trillion mark in 2022, a 4.1% growth—which was faster than the 3.2% increase in 2021 and slower than the 10.6% growth rate seen in 2020.

The CMS report reveals a shift in spending dynamics across the U.S., initially triggered by the COVID-19 pandemic. The government’s funding for pandemic-related support, which spiked in 2020, steadily declined in 2022. This decline in public health spending acted as a drag on the overall growth rate.

Despite the reduction in public health support, the report indicates that robust growth in Medicaid and private health insurance spending helped counteract the slowdown. The result was a net positive impact on health care expenditures.

Economic Share

The percentage of the economy attributed to health care spending, measured by the Gross Domestic Product



(GDP), was 17.3% in 2022, a slight decrease from the 18.2% share in 2021 and 19.5% in 2020. On a per capita basis, national health care spending experienced a 3.7% increase.

“[Health care] expenditures since 2020 have reflected volatile patterns associated with the COVID-19 pandemic and the federal government’s response to the public health emergency,” said Micah Hartman, a statistician in the CMS Office of the Actuary.

Price Dynamics

While the prices of medical services have been a point of contention, the CMS report reveals slower growth in both hospital and physician prices in 2022. Hospital care spending increased by 2.2%, which was significantly lower than the 4.5% seen in 2021. Similarly, physician and clinical services spending grew by 2.7%, a decrease from the 5.3% seen in 2021.

Prescription Drug Spending

Notably, retail prescription drug prices saw a small increase of 1.2%, contributing to an 8.4% rise in overall drug spending. The insured population reached a historic high of 92% in 2022, according to the CMS report. Medicare enrollment increased by 1.9%, with Medicare private plans seeing an 8.5% boost. In contrast, Medicaid spending grew by 9.6%, reaching \$805.7 billion,

and private health insurance spending increased by 5.9% to \$1.3 trillion.

Out-of-Pocket Spending

Out-of-pocket spending increased by 6.6% to \$471.4 billion in 2022, highlighting the financial burden on individuals. As the baby boomer generation continues to enroll in Medicare, CMS researchers report that future trends in health care spending will

likely be influenced by health-specific factors, including medical-specific price inflation, usage and intensity of medical care, and the demographic impacts associated with the ongoing enrollment of baby boomers in Medicare.

[Read the full report here.](#)

Hospitals Increasingly Embracing Revenue Cycle Automation

Seventy-four percent of hospitals and health systems in the U.S. are actively integrating revenue cycle automation, according to recent findings.

In the dynamic landscape of health care, where the demand for streamlined operations and increased efficiency is paramount, hospitals and health systems are embracing a transformative technology—revenue cycle automation.

According to a [survey commissioned by AKASA](#) and conducted through the Healthcare Financial Management Association's (HFMA) Pulse Survey program, 74% of the 450 surveyed chief financial officers (CFOs) and revenue cycle leaders at U.S. hospitals and health systems are actively automating some

aspects of their revenue cycle operations.

The survey also found that 24% of respondents have never used any form of revenue cycle automation, and a mere 2% have discontinued its use. However, the vast majority is moving toward automation, recognizing its potential to revolutionize financial operations.

The adoption of revenue cycle automation has been on a consistent upward trajectory in recent years. An earlier survey by AKASA indicated that 78% of financial leaders from hospitals and health systems either used or were in the

process of implementing some form of automation for revenue cycle operations.

A crucial aspect of this technological evolution is the integration of artificial intelligence (AI) and machine learning (ML). The AKASA survey found that 46% of financial leaders are using some form of AI or ML in their revenue cycle operations. Additionally, 43% are leveraging robotic process automation (RPA), positioning RPA and AI as the leading forms of automation employed in revenue cycle operations. These advanced technologies are proving instrumental in reducing costs, increasing productivity, and minimizing claim denials and errors.

For those currently outside the realm of automation, the survey underscores a notable trend—80% of respondents whose organizations do not use automation in the revenue cycle expressed a priority to adopt the

"Eighty percent of respondents whose organizations do not use automation in the revenue cycle expressed a priority to adopt the technology within the next two years, with a significant emphasis on 2024."

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NC Attorney General Sues HCA Over Quality Care Complaints

North Carolina Attorney General Josh Stein is [suing HCA Healthcare](#), a major health care facility operator, for allegedly breaching an asset purchase agreement made during its 2019 acquisition of Mission Health System.

The lawsuit claims that HCA has not consistently provided quality emergency and cancer care in western North Carolina as promised. Stein accused HCA of violating the agreement by discontinuing certain critical services, exceeding patient-to-nurse ratios, and causing staffing issues leading to extended wait times.

The complaint highlights concerns raised by cancer patients and the discontinuation of services by Messino Cancer Group. Stein is calling for the

court to restore emergency, trauma, and oncology services to pre-acquisition levels. HCA is denying the allegations, characterizing the investigation as an attempt to gather prelitigation information.

[Read the complaint here.](#)

Health Care Groups Urge CMS to Abandon Proposed Medicaid Funding Restrictions

Eight prominent health care industry groups, including the American Hospital Association and the Association of American Medical Colleges, are urging the Centers for Medicare & Medicaid Services (CMS) to reconsider proposed restrictions on Medicaid funding sources for providers.

In a [letter to HHS Secretary Xavier Becerra](#), the groups express deep concern that certain policies aimed at expanding Medicaid coverage and access to care may jeopardize states' access to crucial financial resources, especially amid the challenges posed by the unwinding of COVID-19-related flexibilities.

The proposed regulations address states' authority to direct Medicaid managed care plan reimbursements and could limit the use of provider-based funding like provider taxes.

The industry groups argue that such restrictions could have dire consequences for coverage and access to care, particularly for historically marginalized populations served by Medicaid.

[Read the letter here.](#)

Revenue Cycle Automation cont. from page 3

technology within the next two years, with a significant emphasis on 2024.

Despite the evident benefits of revenue cycle automation, there are persistent barriers hindering widespread adoption. Interoperability issues, especially concerning the integration of revenue cycle solutions with Electronic Health Records (EHR) or practice management systems, pose a challenge. Additionally, concerns about potential job losses tied to the adoption of technologies like AI also impede progress. However, the survey suggests that leaders in the health care industry are realizing the indispensable role

automation plays in revenue generation, patient financial experience, and overall operational efficiency.

"Automation is no longer simply an option in the revenue cycle — it is an imperative," said Amy Raymond, senior vice president of revenue cycle operations and deployments at AKASA.

She also noted how technology has reached an unprecedented capability to address the challenges in revenue cycle operations. With automation options that harness the power of AI and large language models (LLMs), health care organizations can address issues holistically, from prior authorization to

preventing and resolving denials.

"Technology has never been more capable of addressing the challenges of revenue cycle operations than it is today. Leaders now have automation options that can effectively harness the power of AI and large language models (LLMs) for everything from addressing prior auth holistically to preventing and resolving denials. These advanced technologies are driving real results, including increasing revenue yield, reducing costs, and enabling teams to focus on the work that provides the most value to the organization," Raymond added.

[Read the AKASA survey here.](#)

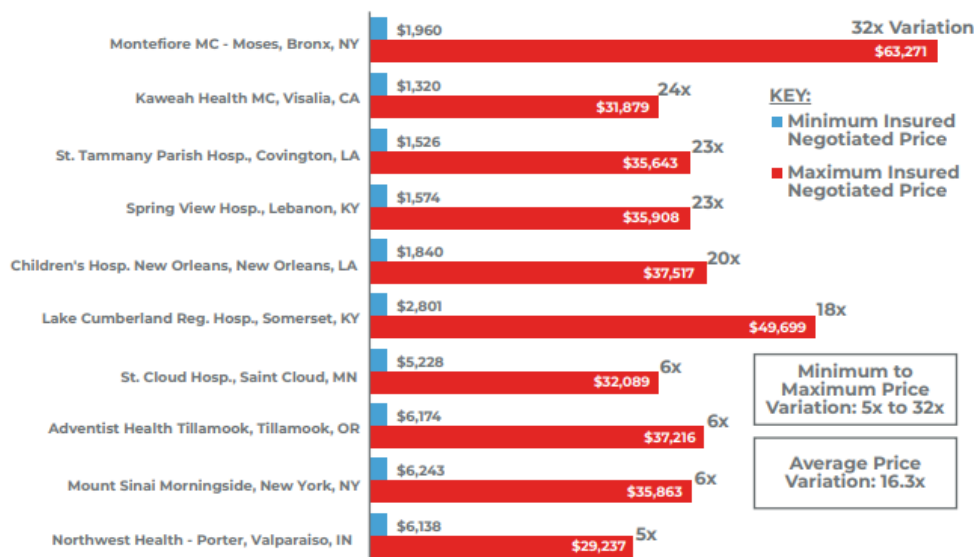
Wide Disparities in Hospital Prices Exposed

PatientRightsAdvocate.org (PRA) recently unveiled surprising variations in hospital pricing in [an inaugural report](#), revealing a lack of transparency and significant disparities in medical service costs across different states.

Analyzing 100 hospital pricing files from its July 2023 report, PRA found that within the same hospitals, prices for common procedures fluctuated by an average of 10.7 times, and across hospitals in the same states, the range is a staggering 31.3 times. The study focused on states including California, New York, Minnesota and Kentucky.

The data found that prices for procedures like an appendectomy at Montefiore Medical Center in New York varied 32 times and prices for cataract surgery in California differed 136 times, among other findings.

Price Variations of Common Medical Services Within Hospitals (*Appendectomy MS-DRG 342*)



Source: Patient Rights Advocate.org Price Variation Report. <http://tinyurl.com/5n7yaehb>



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