

# Reject Payment Reductions to Long-term Care Hospitals

## AHA View

Under congressional reforms that will take effect in October 2015, AHA estimates that half of current long-term care hospital (LTCH) patients will move from a traditional LTCH payment level to a new payment category equal to the inpatient prospective payment system (PPS) rate. Given the magnitude of this change, now is not the time for Congress to impose further reforms or make reductions to LTCH payments. Rather, now is the time for the LTCH field and policymakers to focus on implementing this complex congressional mandate.

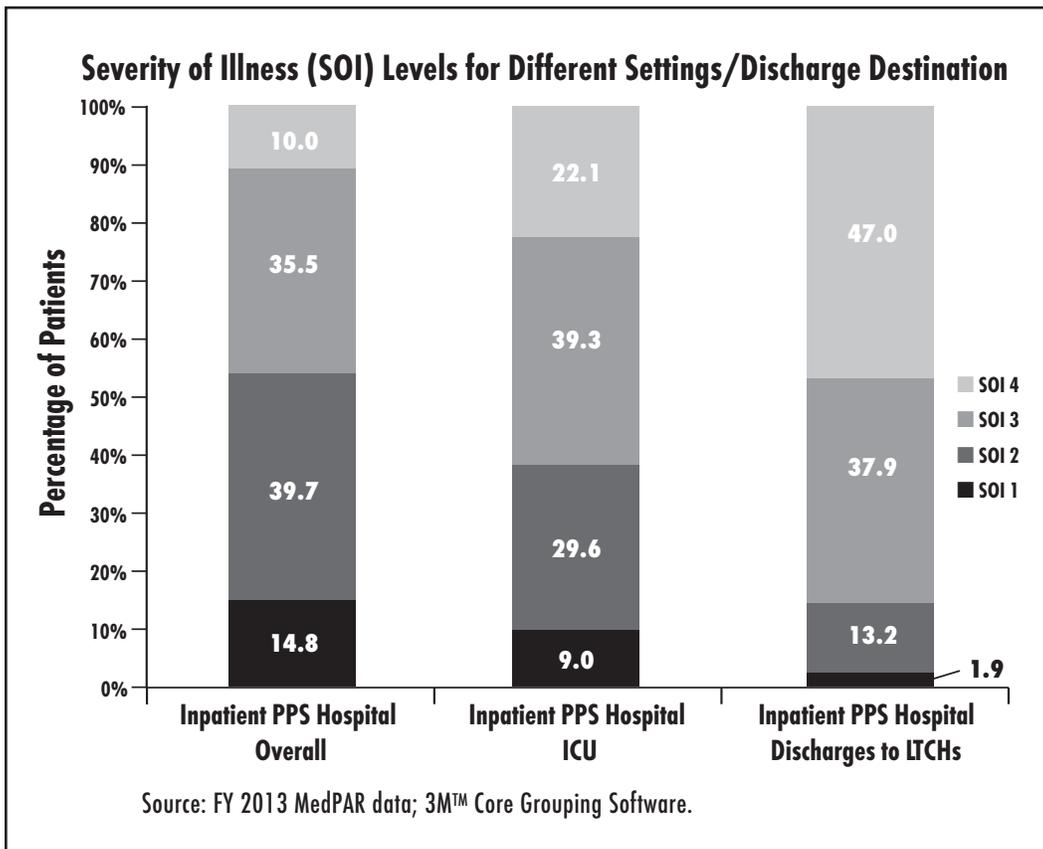
## Background

LTCHs serve a critical role within the health care system, and the Medicare program in particular, by treating the sickest patients who need long hospital stays. In December 2013, Congress passed the Bipartisan Budget Act, which, among other changes, implements several reforms that will more clearly distinguish the LTCH role. These include a new, two-tiered payment system that will take effect in October 2015, under which LTCHs will be paid an LTCH-level rate for patients with higher severity of illness levels, and a lower rate, comparable to general acute care hospitals for patients with lower medical acuity.

The next step in implementing these reforms will be the release of a proposed rule on the LTCH PPS, which the Centers for Medicare & Medicaid Services issued April 17. The regulation contains the agency's proposal for new payment rates and its plan to add a site-neutral payment component to the LTCH PPS. The addition of site-neutral payment will be a major transformation for the LTCH field. Specifically, the AHA is studying the structure of the payment policy to identify any conditions that were grouped in the new PPS-equivalent category, which, due to high medical acuity, should not have been grouped in the traditional LTCH PPS category, and to identify other concerns. The new policy must not harm access to care for patients who need traditional LTCH services.

## Key Facts

- **LTCH Patients are Severely Ill.** Data from general acute hospitals show that patients discharged to LTCHs have the highest medical severity when compared to patients in other settings. For example, as shown in the chart on the next page, 47 percent of inpatient PPS patients discharged to an LTCH have a severity of illness (SOI) level 4 (extreme severity) compared to only 22 percent of patients in inpatient hospital intensive care units (ICUs). Since LTCH patients are typically far sicker, their average length of stay is much longer: 26.8 days for LTCHs, 5.1 days for general acute hospitals, and 6.8 days for ICUs in general acute-care hospitals.



- LTCHs are Preparing their Organizations to Implement These Major Reforms.** LTCH clinical teams and staff are engaged in the significant planning and re-engineering of operations that is necessary to prepare for this evolution in the LTCH role. For example, they are adjusting the composition of their staff and re-tooling clinical pathways to fit the needs of a lower-acuity, short-stay patient population. Now is the time to allow them to focus on implementing these critical regulatory steps; it is not the time for additional cuts or reforms.