

Post-acute Care Providers

THE ISSUE

In recent years, post-acute care providers have faced scrutiny from Congress that has resulted in substantial payment cuts. Regulatory and statutory payment reductions and restrictions have been considerable for all four post-acute care sectors – long-term care hospitals (LTCH), inpatient rehabilitation facilities (IRF), skilled nursing facilities (SNF) and home health (HH) providers. *The Patient Protection and Affordable Care Act of 2010* (ACA) included productivity offsets and other reductions to updates, quality reporting requirements and significant HH changes. Additionally, major regulatory tightening by the Centers for Medicare & Medicaid Services (CMS) of the post-acute payment system has included coding and documentation offsets, rebasing and significant operational changes.

Most recently, the Medicare Payment Advisory

Commission (MedPAC) discussed research on payment reform approaches to eliminate the LTCH payment system and to pay for all LTCH services through the inpatient prospective payment system (PPS). This research includes developing a new category of patients – chronically critically ill (CCI) patients – who would be eligible for special payments in the inpatient PPS. The AHA is very concerned about proposals such as these, which promote severe and arbitrary changes while lacking a strong policy rationale.

In addition, the president's fiscal year (FY) 2014 budget included a \$79.04 billion cut to post-acute care providers by adjusting Medicare payment updates for SNFs, LTCHs, IRFs and HH. The budget also included lowering IRF reimbursement for selected patients to a SNF-level payment, and raising the current IRF "60% Rule" threshold.

AHA POSITION

Reject further reductions to post-acute services for beneficiaries who need the unique care provided in each setting.

WHY?

It is excessive and unjustified to pile additional payment cuts onto already substantial reductions while comprehensive efforts are under way to identify the best approach to comprehensively re-tool the delivery system. Current policies in the ACA and other CMS regulations already are reducing Medicare payments to post-acute care providers. Additional cuts could further exacerbate the financial pressures and limit patient access to needed post-acute care services.

The administration's latest proposals overlook clear distinctions between SNF and IRF patients and services, as mandated and documented by CMS*. As a result of tougher Medicare standards, IRF case mix has increased and the number of IRF patients has dropped by 140,000 cases annually since 2004. Medicare payments to IRFs in recent years have been virtually flat, and IRF Medicare margins have declined almost each year since 2003.

Instead of new and arbitrary across-the-board cuts to post-acute care, Congress should first allow the ACA provisions that reform the delivery of post-acute services to be developed – a complex process that requires testing in the real world – and implemented.

*CMS's SNF PPS Final Rule for FY 2012, Published May 2011 in the *Federal Register*.