SNF Update

Policy & Federal Relations

June 2014
Overview:
- Legislative Update
- Regulatory Update
- AHA Webinar Series
AHA Member Calls

Member Calls on FY 2015

Post-Acute Proposed Rules

- LTCH: Thu, June 5, 1:00ET
- IRF: Thu, June 5, 3:00ET
- SNF: Fri, June 6, 1:00 ET

- AHA post-acute regulatory advisories available at www.aha.org/postacute
Legislative Update
Legislative Outlook

• No grand bargains
  – No entitlement reform
  – No tax reform
  – No significant deficit reduction

• But, still have many issues on the table
  – Legislative: associated with various “cliffs” or deadlines

• New budget addiction

• Executive action
PAMA’s Post-Acute Provisions

• ICD-10-CM delay

• Realigns Medicare sequester at 4 percent for first 6 months of FY 2024 (Saves $4.9 billion)

• SNF Value-Based Purchasing Program (Saves $2.0 billion)

• LTCH Criteria Technical Corrections (Spends $100 million
  – Changes to the 50% Compliance Test
    ➢ Medicare Fee-for-Service patients only
  – Moratorium Exceptions
  – Limit key site-neutral payment provision
  – Additional changes still needed…
IMPACT Act Highlights

- Framed as creating “building blocks” of post-acute care reform through collection and reporting of:
  - Standardized patient assessment data
  - Standardized quality measures

- Significantly expands data collection and reporting requirements for LTCHs, IRFs, SNFs and HHAs
  - Payment penalties for non-reporting

- Introduces post-acute care related data reporting requirements for general acute care hospitals

- Requirements phased in over time
AHA’s Take

Support the direction of the bill with cautions...

- Remove general acute-care hospital reporting requirement
- Ensure the feasibility of PAC patient assessment data & the suitability of PAC quality measures
Bundled Payment Proposals

**BACPAC (HR 4673)**
- Mandatory program
- Post-acute only bundled payment
- Multiple types of conveners
- 90 day episode
- Est. savings by ensuring overall spending doesn't exceed [100 minus X]% over a 10-year period

**Comprehensive Care Payment Innovation Act (H.R. 3796)**
- Voluntary program
- Bundle across inpatient and post-acute care
- Hospital convener?
- 90 day episode
- Est. savings as an alternative pay model under SGR

Rep. Black
Rep. McKinley

American Hospital Association
# SNF Proposed Rule

## Skilled Nursing Facility PPS:
**Proposed Rule for FY 2015**

### At a Glance

**The Issue:**
On May 6, the Centers for Medicare & Medicaid Services (CMS) published its fiscal year (FY) 2015 proposed rule for the skilled nursing facility (SNF) prospective payment system (PPS). Under the proposed rule, SNF’s would receive a 2.4 percent market basket update, which is offset by a 0.4 percentage point productivity cut required by the Affordable Care Act (ACA). Taken together, these proposed changes would increase payments by 2.0 percent ($750 million) over FY 2014 payment levels.

In addition to proposing a payment update for FY 2015, this regulation:
- Proposes new area wage index boundaries for FY 2015 and beyond;
- Would expand the process for reporting changes of therapy;
- Provides updates on policy development that is under way, such as the agency’s work to develop an alternative method to pay for therapy services in SNFs and its ongoing analysis of current therapy utilization patterns; and
- Clarifies several existing policies, such as policies pertaining to civil money penalties, swing beds, and administrative presumption.

The rule proposes no changes to the quality reporting requirements for SNFs.

### Our Take:
In comparison to SNF regulations in recent years, the proposed rule is brief and relatively positive. However, for hospital-based providers that face significantly negative Medicare margins, the payment update continues to be inadequate.

### What You Can Do:
- Share the attached summary with your senior management team to examine the impact these payment changes would have on your organization for FY 2015.
- Participate in an AHA member call on June 6 at 1:00 p.m. ET to provide feedback to AHA staff on your concerns with this regulation. Information about the call was sent to SNF leaders, but if you need to register, email demond@aha.org.
- Consider submitting comments on CMS’s effort to develop alternative methods to pay for therapy services in SNFs by emailing selfapyapment@cms.hhs.gov.
- Submit a comment letter on the proposed rule to CMS by June 30 explaining the impact the regulation would have on your patients, staff and facility.

### Further Questions:
Please contact Rochelle Archuleta, senior associate director of policy, at (202) 626-2320 or rarchuleta@aha.org.

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• COMMENTS Due to CMS by June 30
• Net update of 2.0% (+$750M)
  o +2.4% market basket
  o -0.4% productivity cut (ACA)
  o No adjustment for FY 2013 market basket forecast error
  o New area wage index boundaries in FY 2016
    o 50/50 blend in FY 2015
  o Change to Change of Therapy OMRA reporting
Clarifications & Updates in Proposed Rule:

• Administrative Presumption for first 5 days of SNF stay
• Swing Beds
• CMPs: How states can use funds collected through civil money penalties
• Therapy utilization trends
CMS’s Requests for Feedback

• Further services to exclude from SNF PPS consolidated billing.
  - Any services or drugs to add?

• CMS research (by Acumen) on alternative therapy payment methods
  - Report describes 4 models; 2 to be fully developed and tested in next research stage.
  - CMS to convene a TEP to provide input on next research stage
  - What current access problems do you have?
    - High complexity/non-rehabilitation patients?
  - How important is the addition of an outlier policy to the SNF PPS?
Delivery System Reform

- MedPAC
- AHA Webinar Series
AHA on IRF-SNF Site-Neutral Payment

AHA Letter to MedPAC

- April 2014
- Tab 4 in your packet

Key Messages

- Must match clinically similar patients
- Prior hospital discharge diagnosis inadequate basis
- Look at readmissions for 30-days, 60-days, 90-days
- Exclude CMS-13 of 60% Rule
- Exclude stroke cases
- Equalize regulatory burden

April 1, 2014
Glenn M. Hackworth, J.D.
64275 Huanell Road
Bend, OR 97701

Dear Mr. Hackworth:

On behalf of the American Hospital Association’s (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, including approximately 1,200 inpatient rehabilitation facilities (IRFs) and 850 hospital-based skilled nursing facilities (SNFs), I write to respond to the Medicare Payment Advisory Commission’s (MedPAC) March 8 presentation on site-neutral payment for IRFs and SNFs. During this presentation, MedPAC discussed potential “site-neutral payment” approaches to reduce IRF rates to “SNF-like” levels for patients discharged from a general acute care hospital with one of three conditions (stroke, major joint replacement, hip and femur fracture) who are clinically similar and commonly receive post-acute services in both IRFs and SNFs.

Paying for care in the IRF and SNF settings in a truly site-neutral manner is extremely complex and may be difficult to achieve. Nonetheless, the AHA supports the cautious exploration of a site-neutral payment policy that applies exclusively to patients who are clinically similar and can safely be treated in either setting. However, as outlined below, we are concerned that MedPAC has not targeted appropriate patients and urge the commission to refine its approach. As also outlined below, it is imperative that for services subject to IRF-SNF site-neutral payments, HCFs should face a level playing field with respect to regulatory requirements; that is, for services subject to site-neutral payments, the Medicare regulations requiring IRFs to provide hospital-level care must be removed.

SITE-NEUTRAL POLICY MUST TARGET CLINICALLY SIMILAR PATIENTS

When designing an IRF-SNF site-neutral payment policy, it is critical to ensure that the policy targets clinically similar patients. As discussed by MedPAC, achieving such an apples-to-apples comparison can be difficult due to the incompatible IRF and SNF patient classification systems. However, we have several suggestions that we believe would help ensure that MedPAC’s policy targets clinically similar patients.
WEBINAR SERIES

- Provide a policy context
- Highlight innovations in the field
- Hospital perspective
- PAC perspective
- Discussion with lead innovators
- AHA members may register at: https://www.surveymonkey.com/s/NJQSBFS

WEBINAR 1: An Overview of Emerging Hospital and Post-Acute Care Partnerships

- Monday, June 9, 3:00-4:30 ET
- Discuss policy and other factors spurring hospitals’ growing interest in post-acute care.
- Review common goals for partnerships across settings.
- Examine the data and criteria general acute-care hospitals are using to assess, compare, and select local post-acute care partners.

WEBINAR 2: Hospital and Post-Acute Care Perspectives on Partnering

- Friday, August 1, 3:00-4:30 ET
- Review the current selection of partnership arrangements between general acute-care hospitals and post-acute care providers.
- Learn about a general acute care hospital case example that illustrates some current post-acute partnership approaches.
- A post-acute care organization will provide case examples of various partnership approaches with general acute care hospitals.

WEBINAR 3: Lessons on Post-Acute Care Bundling

- Wednesday, September 24, 3:00-4:00 ET
- Examine current developments on post-acute bundling.
- Discuss key issues when considering whether to join a bundled payment effort.
- Present a case example on post-acute care bundling.

WEBINAR 4: All Healthcare is Local – Making the Post-Acute Care Value Case

- October 2014 (date TBA)
- Learn how to reach out to acute hospitals to discuss new partnerships.
- Discuss common post-acute strengths and weaknesses.
- Review the most helpful data for making a value case to a referring hospital.

More information on this webinar series is available at www.aha.org/postacute
Questions & Discussion