

Inpatient Psych PPS Proposed Rule

- Proposed Rule Issued April 24
- Issues
 - Update
 - Market Basket
 - Wage Index
 - Quality Reporting



May 15, 2015

MEDICARE INPATIENT PSYCHIATRIC PPS: THE PROPOSED RULE FOR FISCAL YEAR 2016

AT A GLANCE

At Issue

On April 24, the Centers for Medicare & Medicaid Services (CMS) issued its inpatient psychiatric facility (IPF) prospective payment system (PPS) [proposed rule](#) for fiscal year (FY) 2016. Comments are due to CMS by June 23. A final rule will be released around Aug. 1, and changes will take effect Oct. 1. This proposed rule affects freestanding IPFs, as well as IPF distinct-part units of acute care and critical access hospitals.

The rule would increase IPF rates by 1.6 percent in FY 2016 compared to FY 2015, after accounting for inflation and other adjustments. Specifically, the proposed rule includes an initial market-basket update of 2.7 percent for IPFs that submit data on quality measures; hospitals not submitting data would receive a 0.7 percent update. The rule also proposes a productivity cut of 0.6 percentage points and an additional market-basket cut of 0.2 percentage points, as mandated by the Affordable Care Act, as well as a decrease of 0.3 percentage points resulting from an updated outlier threshold.

Beginning in FY 2016, CMS proposes to replace the rehabilitation, psychiatric and long-term care market basket with a new, IPF-specific market basket. The proposed IPF market basket would be based on 2012 Medicare cost report data for both freestanding and hospital-based IPFs. In addition, for wage index purposes, CMS proposes to use labor market boundaries that have been updated by the Office of Management and Budget using 2010 census population data. Furthermore, CMS proposes to change the IPF quality measure set by adding five new measures and removing three. The agency also would change some data reporting requirements, such as requiring IPFs to report measure data as a single, yearly count instead of by quarter and patient age.

Our Take:

The AHA is evaluating all of the proposed changes to ensure IPFs receive appropriate payments for providing care to Medicare beneficiaries. We are concerned that CMS proposes to add IPF quality measures that are very similar to ones already included in the program, and, in some cases, include measures that are not central to the treatment of the psychiatric disorders for which the patients have been admitted.

What You Can Do:

Please share this advisory with your senior management team. Ask your chief financial officer to examine the potential impact of the proposed payment changes on your Medicare revenue, and your chief quality officer to assess the value and feasibility of the proposed quality measures.

Further Questions:

Contact Joanna Kim, vice president, payment policy, at (202) 626-2340 or jkim@aha.org, or Evelyn Knolle, senior associate director of policy, at (202) 626-2963 or eknolle@aha.org.

Proposed Update for FY 2016

POLICY	ADJUSTMENT
• Inflation rate (market-basket)	+ 2.7%
• ACA productivity adjustment	- 0.6%
• ACA reduction	- 0.2%
• Outliers	- 0.3%
NET UPDATE FACTOR	+ 1.6%



Market Basket

- **Since 2010, CMS has been exploring the creation of an IPF-specific market basket index**

- **Proposes to implement IPF-only market basket for FY 2016**



- **Would use 2012 data from freestanding IPFs and units**
- **Current market basket uses 2008 data from freestanding IRFs, LTCHs and IPS**



Market Basket

Fiscal Year (FY)	Proposed 2012-Based IPF market basket index percent change	2008-Based RPL market basket index percent change
Historical data:		
FY 2010	2.0	2.2
FY 2011	2.2	2.5
FY 2012	1.9	2.2
FY 2013	2.0	2.1
FY 2014	1.9	1.8
Average 2010–2014	2.0	2.2
Forecast:		
FY 2015	2.0	2.2
FY 2016	2.7	2.8
FY 2017	3.0	3.0
FY 2018	3.0	3.1
Average 2015–2018	2.7	2.8

Note: These market basket percent changes do not include any further adjustments as may be statutorily required. Source: IHS Global Insight, Inc. 1st quarter 2015 forecast.



Labor-related Share

- **New IPF-only market basket yields proposed labor-related share of 74.9 percent for FY 2016**
 - **Almost 6 percentage points higher than FY 2015 labor-related share**
 - **Mostly due to higher costs of wages, salaries and benefits for IPFs vs IRFs and LTCHs**

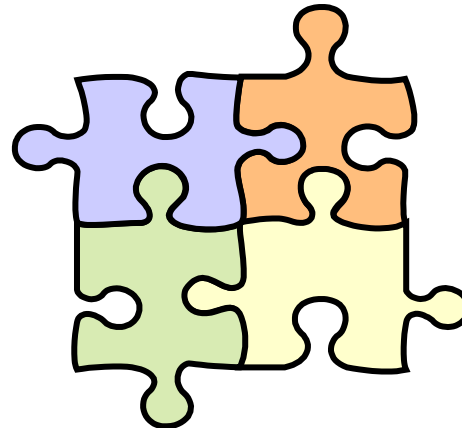
	FY 2016 labor-related share based on proposed 2012-based IPF market basket ¹	FY 2015 final labor-related share ²
Wages and Salaries	51.7	48.271
Employee Benefits	13.4	12.936
Professional Fees: Labor-related	2.9	2.058
Administrative and Facilities Support Services	0.7	0.415
Installation, Maintenance and Repair	1.6
All Other: Labor-related Services	1.5	2.061
Subtotal	71.8	65.741
Labor-related portion of capital (46%)	3.1	3.553
Total LRS	74.9	69.294

¹ IHS Global Insight, Inc. 4th quarter 2014 forecast.

² Federal Register 79-FR-45943.

Wage Index

- **Area Wage Index**
 - OMB issued new labor markets (CBSAs) on February 28, 2013
 - Implemented in IPPS in FY 2015
 - Proposed implementation for IPF PPS in FY 2016
 - Transition periods
 - All IPFs = 1 year at blended AWI
 - Rural \longrightarrow Urban = phase out rural add-on over 3 years



Quality Reporting Program

IPFQR Proposed Measure Changes:

- Addition of 5 chart-abstracted measures
- Removal of three measures
- Total of 16 measures for FY 2018



FY 2017 Payment Determination:

- **Remove HBIPS-4:**

Patients Discharged on Multiple Antipsychotic Medications

- Continue HBIPS-5:

*Patients Discharged on Multiple Antipsychotic Medications
with Appropriate Justification*



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FY 2018 Payment Determination. CMS would add:

- TOB-3, Tobacco Use Treatment Provided or Offered at Discharge, and the subset measure, TOB-3a, Tobacco Use Treatment at Discharge (NQF #1656).

⇒ *In addition to TOB-1 and TOB-2/2a*

- SUB-2 Alcohol Use Brief Intervention Provided or Offered, and SUB-2a, Alcohol Use Brief Intervention (NQF #1663).

⇒ *In addition to SUB-1*



Quality Reporting Program

FY 2018 Payment Determination (cont'd):

- Addition of: Transition Record With Specified Elements Received by Discharged Patients (Discharges from an Inpatient Facility to Home/Self Care or Any Other Site of Care) (NQF #0647) *and Removal of HBIPS-6.*

NQF #0647 Elements

- Reason for inpatient admission;
- Major procedures and tests performed during inpatient stay and summary of results;
- Principal diagnosis at discharge;
- Current medication list;
- Studies pending at discharge;
- Patient instructions;
- Advance directive or surrogate decision maker documented or reason for not providing advance care plan;
- 24-hour/7-day contact information, including physician for emergencies related to inpatient stay;
- Contact information for obtaining results of studies pending at discharge;
- Plan for follow-up care; and
- Primary physician, other health care professional, or site designated for follow-up care.

HBIPS-6 Elements

- Reason for hospitalization;
- Principal discharge diagnosis;
- Discharge medications; and
- Next level of care recommendations



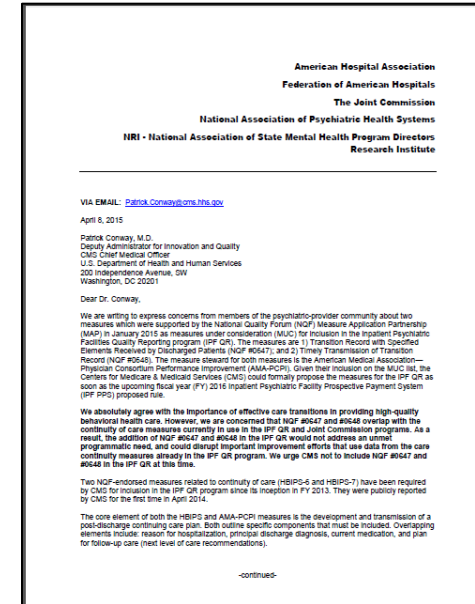
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FY 2018 Payment Determination (cont'd):

- Addition of: Timely Transmission of Transition Record (Discharges From an Inpatient Facility to Home/Self Care or Any Other Site of Care) (NQF #0648) *and Removal of HBIPS-7.*
- Addition of: Screening for Metabolic Disorders
Includes 4 tests:
 - BMI;
 - blood pressure;
 - glucose or HbA1c; and
 - a lipid panel—which includes total cholesterol (TC), triglycerides (TG), high density lipoprotein (HDL), and low density lipoprotein (LDL-C) levels.

➡ *But TEP Panel Recommendations*



Quality Reporting Program

Previously Adopted and Proposed Measures for FY 2018 and Subsequent Years

NQF #	Measure ID	Measure
0640	HBIPS-2	Hours of Physical Restraint Use
0641	HBIPS-3	Hours of Seclusion Use
0560	HBIPS-5	Patients Discharged on Multiple Antipsychotic Medications with Appropriate Justification
0576	FUH	Follow-up After Hospitalization for Mental Illness
1661	SUB-1	Alcohol Use Screening
1663	SUB-2 and SUB-2a	Alcohol Use Brief Intervention Provided or Offered and SUB-2a Alcohol Use Brief Intervention*
1651	TOB-1	Tobacco Use Screening
1654	TOB-2 TOB-2a	Tobacco Use Treatment Provided or Offered and Tobacco Use Treatment
1656	TOB-3 and TOB-3a	Tobacco Use Treatment Provided or Offered at Discharge and the subset measure Tobacco Use Treatment at Discharge*
1659	IMM-2	Influenza Immunization
0647	N/A	Transition Record with Specified Elements Received by D Discharged Patients (Discharges from an Inpatient Facility to Home/Self Care or Any Other Site of Care)*
0648	N/A	Timely Transmission of Transition Record (Discharges from an Inpatient Facility to Home/Self Care or Any Other Site of Care)*
N/A	N/A	Screening for Metabolic Disorders*
N/A	N/A	Influenza Vaccination Coverage Among Healthcare Personnel
N/A	N/A	Assessment of Patient Experience of Care
N/A	N/A	Use of an Electronic Health Record

*Measures proposed for the FY 2018 payment determination and future years.
SOURCE: Proposed Rule, Federal Register, Volume 80, No. 84, May 1, 2015, page 25054.



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Changes to Reporting Requirements:

- For FY 2017 and subsequent years, CMS proposes to require that measures be reported as a single yearly count instead of by quarter and age. The proposed reporting period for FY 2017 is as follows:

Payment Determination Year	Reporting Period	Data Submission Timeframe
2017	January 1, 2015 to December 31, 2015	July 1, 2016 – Aug. 15, 2016

- CMS would also require that aggregate population counts be reported as a single yearly number instead of by quarter.
- For FY 2018 and onward, CMS would allow uniform sampling requirements for 10 of the measures.

