

Long-term Care Hospitals

THE ISSUE

Long-term care hospitals (LTCHs) serve a critical role within the Medicare program by treating the sickest patients who need long hospital stays. In December 2013, Congress passed the Bipartisan Budget Act, which, among other changes, implemented several important reforms that will more clearly distinguish the LTCH role. These include a new,

two-tiered payment system beginning in October 2015, under which LTCHs will be paid an LTCH-level rate for patients with higher severity of illness levels, and a lower, “site-neutral” rate (comparable to general acute care hospitals) for patients with lower medical acuity.

At this time, LTCHs are preparing for implementation of these major reforms.

AHA POSITION

Under the Bipartisan Budget Act reforms, one out of two current LTCH patients would move into the new site-neutral category. **Given the magnitude of this change, now is not the time for further congressional action to reform or cut LTCH payments. Rather, now is the time for the LTCH field and policymakers to focus on implementing this complex congressional mandate.**

WHY?

- The next step in implementing the site-neutral reforms will be the release of a proposed rule for the LTCH prospective payment system (PPS) by the Centers for Medicare & Medicaid Services in spring 2015. This regulation will put forth the agency’s proposed plan for site-neutral payment, which will be closely examined and responded to by stakeholders, including the AHA. **Rather than legislating further LTCH changes, now is the time to focus on these critical regulatory steps.**
- LTCHs also are busy preparing their organizations to introduce their new site-neutral service to patients and partners in their communities. LTCH clinical teams and staff are engaged in the significant planning and re-engineering of operations that are necessary to prepare for this evolution in the LTCH role.

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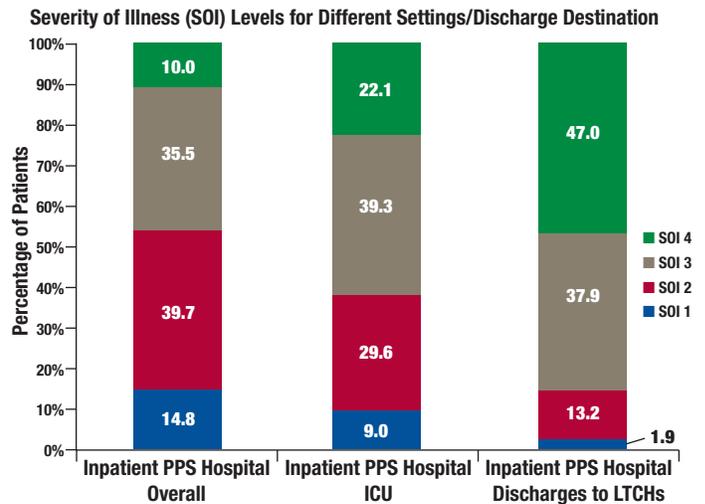
KEY FACTS

LTCHs Treat Severely Ill Patients

The LTCH patient population is more severely ill than patients treated in general acute care hospitals. 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, 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 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 hospitals.

The transformation of LTCH operations beginning in fiscal year 2016 will result in two patient populations being served in LTCHs: the traditional LTCH population and a short-stay, site-neutral population.

The AHA is studying the structure of the site-neutral policy to identify any conditions



Source: FY 2013 MedPAR data; 3M™ Core Grouping Software.

that were grouped in the site-neutral category, which, due to high medical acuity, should have been grouped in the traditional LTCH PPS category. We want to ensure that the new policy does not unintentionally harm access to care for patients who need traditional LTCH services.