



National Association for the
Support of Long Term Care

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Texas Health Care Association Convention

Health Care Reform Update

November 4, 2009
Dallas, Texas

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Who is NASL?

National Association for the Support of Long Term Care (NASL) is a trade Association of companies that provide ancillary services, products, diagnostic testing and information systems to the post-acute care industry.



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NASL Membership

- Information Technology Designers & Providers
- Durable Medical Equipment Manufacturers & Providers
- Orthotics and Prosthetics Manufacturers & Providers
- Rehabilitation Providers (PT, OT, SLP, Respiratory)
- Portable X-Ray/EKG Providers
- Ultrasound Providers
- Institutional Pharmacies
- Staffing Agencies
- Industry Consultants & Attorneys



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Change is HERE!

- 2010 SNF PPS Final Rule
- 2010 Medicare Physician Fee Schedule
- Health Care Reform



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Can you drink from a fire hose?





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2010 SNF PPS Final Rule

Effective October 1, 2009

- Part A payments to SNFs decrease by \$390 million (about \$6 per patient day).
- Net of 2.2% market basket increase (\$690 million) and decrease of 3.3% parity adjustment (\$1.05 billion).



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2010 SNF PPS Final Rule

Effective October 1, 2010

- Rug IV based on MDS 3.0 survey results.
Budget neutral.
- MDS 3.0 required to group RUGs 66.
- Recalibrate concurrent therapy minutes and limit treatment to two patients.
- Eliminate “look back” period for prior hospital stay.
- No change in non-therapy ancillary exemptions.



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Projected Impact of SNF PPS

		FY 2010		FY 2011
	Wage Index Update	CMI Recalibration	Total Change	RUG-IV
Total	0.0%	-3.3%	-1.1%	0.0%
Urban	0.1%	-3.3%	-1.1%	0.3%
Rural	-0.3%	-3.1%	-1.3%	-0.8%
Hospital based urban	-0.1%	-3.4%	-1.4%	-1.4%
Freestanding urban	0.1%	-3.3%	-1.1%	0.4%
Hospital based rural	-0.2%	-3.3%	-1.4%	-0.8%
Freestanding rural	-0.3%	-3.1%	-1.3%	-0.8%
Government	-0.2%	-3.5%	-1.5%	1.4%
Proprietary	0.0%	-3.2%	-1.1%	0.0%
Voluntary	0.1%	-3.4%	-1.1%	0.2%

FY 2010
and FY 2011



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RUG IV Characteristics

66 RUGs from 53 RUGs

Category	RUGs III	RUGs IV
Rehabilitation + Extensive	9	9
Rehabilitation	14	14
Extensive Services	3	3
Special Care	3	16
Clinically Complex	6	10
Behavioral and Cognitive	8	4
Reduced Physical Function	10	10
Total	53	66



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RUG IV Characteristics

New Categories

- Special Care category divided into separate Special Care High and Special Care Low categories
- Behavioral Symptoms and Cognitive Performance category (combined Impaired Cognition and Behavior categories)
- Shifts multiple qualifiers among Special Care, Clinically Complex, Rehabilitation, and Extensive Services categories
- Adjustments to ADL index cut off points and score ranges
- Look Back Period
 - Modifies look back period to include only services provided after SNF admission



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RUG IV Impacts

Category	Movement from RUGs III to RUGs IV
Rehabilitation and Extensive Services	---
Rehabilitation	+
Extensive Services	--
Special Care	++
Clinically Complex	+
Behavioral	+++
Reduced Physical Function	++

+ = Positive Impact
- = Negative Impact



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2010 Medicare Physician Fee Schedule

- Rule to be finalized on November 1, 2009; Effective January 1, 2010.
- Potential increase of 10% for PT and OT in the work, practice expense and malpractice RVU before applying the negative conversion factor.
- Physician Quality Reporting Initiative (PQRI) – NASL asked for SNFs to be included.
- No reference to therapy cap.
- SGR cut of 21.5% on January 1, 2010.



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Health Care Reform Legislation - 2009

Legislation – 2009

- Tense political environment
- Ambitious agenda
- Winners/Losers
- Providers “volunteer” cuts to control damage

Therapy Cap

- Two year extension of exemption process in both House and Senate bills
- No delay or change to SNF PPS Rule



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Health Care Reform Legislation - 2009

Physician Fee Schedule

- House bill seeks to fix SGR problem
- Senate bill provides for one-year patch
- House and Senate bills stop 21.5% cut

Major SNF Compliance (Transparency) Initiative

- Disclosures
- New sanctions
- New compliance and ethics programs
- Quality and performance improvement
- Data standardization
- Improved complaint process



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Health Care Reform Legislation – 2009

Part A Rate Cuts

- House: \$32B
- Senate: \$14.6B

Other Issues:

- Post-acute bundling demo
- Comparative effectiveness research
- LTC insurance payments/deductions



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DMEPOS

Finance Committee

- Cuts 2% increase scheduled for 2014
- Round 2 – Competitive Bidding increased to 100 MSAs
- Competitive Bidding rates to apply to all areas in 2016
- Cuts DME update by 0.5% for 2010-2013
- Certain pharmacies exempt from Competitive Bidding accreditation
- Face to face MD exam for certification or recertification for DMS or home health



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DMEPOS

HR 3200

- Require MDs that order DME or home health to be enrolled with Medicare
- Require MDs to document referrals to DME or home health that have a high risk of waste, fraud and abuse
- HHS Secretary may disenroll MDs and suppliers who do not maintain documentation relating to orders and requests for DME and home health
- Waives surety bond for pharmacies in good standing for 5 years
- Deems any supplier that applied for accreditation prior to August 1, 2009 as meeting all applicable standards unless action is taken by the accreditation organization



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Part B Therapy

- Extension of therapy cap exception process through December 31, 2011 (House and Senate)
- PT direct access to patients for Medicare (Senate)



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Health IT

House

- Extends PQRI payments through 2012
- Creates Assistant Secretary for Health Information
- Creates Center for Quality Improvement

Senate

- HIT Standards to be developed to promote interoperability in federal and state program grants awarded
- HIT to be part of quality improvement
- Safe Harbors created for HIT
- HIT demo to improve nursing home quality
- Additional HHS funding for meaningful use of HIT that improves quality



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Other Provisions

- Independent Medicare Commission
- Imaging payment reduction for contiguous body parts
- Use rate for advanced diagnostic imaging increased from 50% to 75% for technical component (House)
- Bundling pilot programs to test payment incentives for post-acute care



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Policy Implications

- SNF stability
- More therapy minutes/staffing
- Continued “micro-management” by rules and law
- Patient/Provider advocacy
- Medicare pays for 2/3 of health reform



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Thank You!

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