WHAT 2 WATCH 4

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• Ten hot topics
  ▪ In Federal Health Policy
  ▪ In 2014
• Plus two things to ignore
10. **SEQUESTER**

- 2% cut in Medicare payments to providers
  - Net of deductible & coinsurance
  - **Not** cumulative
    - However, CMS says it has no discretion to exempt items
  - Began on April 1, 2013
- New law (Bipartisan Budget Act) signed by POTUS on December 26, 2013
  - Extends Medicare cuts through March 2024
  - Medicaid still exempt
- Cuts end for NIH
  - Good news for grantees
  - Increase in total funding likely
- Government doors stay open
  - Through September 30, 2015
  - There is still the “debt limit” issue
9. MASSACHUSETTS WAGE INDEX

- Worth $169M to Massachusetts hospitals
- No change to current policy in latest IPPS final rule
- BN adjustment still applied nationwide (per ACA)
- Bills pending in Congress to repeal the ACA provision
  - Senate bill got 68 votes in a test vote
    - But will those votes be there when it matters?
  - So far, nothing in either the new law or SGR repeal bills
- Fundamental wage index reform coming?
  - Not any time soon, if at all
  - CMS Report ignored
  - IOM Report also ignored
8. ICD-10

- CMS says October 1, 2014 is hard deadline
  - Including for Medicaid
  - MACs already converting LCDs
  - Both AHA & BCBSA support the deadline
- Rescrambles the egg for DRGs
  - To be addressed in this year’s rule
  - Clinical documentation more important than ever
- Limited testing of claims submission beforehand
- CMS has already issued instructions for “split” claims
  - For dates of service spanning October 1, 2014
  - See MLN matters #SE1325
  - Also see CR7492, dated August 19, 2011
- Hard copy of ICD-10 code books available
  - Two inches thick
7. TAX-EXEMPT STATUS

- IRS issued NPRM on April 3, 2013
  - Implementing ACA mandate
  - Imposes CHNA standards
  - Still no final rule
  - IRS notice (at year-end) says hospitals can rely on the provisions in the proposed rule for now
- Other ACA mandates
  - Written financial assistance policy
  - Written emergency care policy
  - Limit amounts charged to “qualified” provision
  - Make “reasonable” efforts to determine FA eligibility
- Penalties
  - $50K for not meeting CHNA mandate
  - A second IRS notice in late December creates a process by which a hospital can come into compliance without penalty
6. OBSERVATION DAYS

- “Two Midnights” Rule
  - In FY 2014 final IPPS rule
  - Creates a bright line
    - But has proven to be very controversial
  - CMS conducting a series of conference call seminars

- Meanwhile
  - Beneficiary lawsuit against CMS still pending
  - DOJ still suing hospitals for “short stays”

- Latest “Doc Fix” law
  - Did NOT invalidate the CMS rule
    - But this could still be addressed later this year
5. RURAL FIXES

- MDH adjustment
  - New law extends it to April 1, 2014
  - Retroactive to October 1, 2013
- LVH adjustment
  - New law extends it to April 1, 2014
  - Retroactive to October 1, 2013
- Pending Finance Committee bill (S. 1871)
  - Would make both MDH & LVH permanent
  - 50/50 chance of this happening
- CAHs
  - POTUS budget would cut to 100% of cost
  - Also takes away existing designation if within 10 miles of another hospital
  - OPPS final rule ends delay of direct supervision requirement, but SFC bill would restore general supervision of therapeutic services
- Recent GAO Report
  - 88% of all hospitals get at least one adjustment
  - This is fueling skepticism in Washington about necessity for them
4. DSH

• New Medicare Formula in IPPS Final Rule
  ▪ ACA mandate
  ▪ Final rule not as onerous as NPRM
  ▪ Still redistributing 75% of the pot
  ▪ Still using the old proxies, because the S-10 data is highly suspect

• Medicaid Allocation/Reductions
  ▪ Yet another ACA mandate
  ▪ But, the new law delays the reductions for two years (to October 1, 2015)
  ▪ Reduction is **doubled** for FY 2016
  ▪ CMS will publish revised allotments for FY 2014 soon
  ▪ Reduction also extended to FY 2023
3. QUESTIONABLE FUTURE OF LTACs

- New law dramatically alters payment
- Good news: 25% rule delayed again
  - Moratorium until December 29, 2016
  - Retroactively effective
- Bad news: Moratorium of new LTACs
  - Also on bed increases
  - Begins January 1, 2015
  - Ends on September 30, 2017
  - No exceptions
3. QUESTIONABLE FUTURE OF LTACS (CONT.)

- Really bad news: only two types of patients will get the full LTAC PPS amount
  - In STAC ICU for 3 days, or on vent in the LTAC for 96 hours (& had stay in STAC immediately before)
  - No diagnosis of psych or rehab
  - All other patients will get lesser of:
    - IPPS comparable per diem or
    - 100% of estimated costs
  - Two-year transition starting in FY 2016
    - 50/50 blend of old/new in 2016 & 2017
  - As of October 1, 2019, no discharges paid at LTAC rate if the two patient types under 50% of total
- LTACs consider this a “win”
  - Avoids what MEDPAC & CMS wanted
- Bundled payment?
2. SGR FIX

- New law extends to March 31, 2014
  - 0.5% increase (in lieu of 20% cut)
  - Also extends the 1.0 GPCI floor three months
- Nothing of any consequence in CY 2014 PFS final rule
- Senate Finance Bill (S.1871) pending
  - Repeals SGR
  - Zero update thru CY 2023
  - Would institute “performance based payments”
  - Could increase/decrease payment by up to 10%
  - Starts in CY 2017 (max 4% in that year)
2. SGR FIX (CONT.)

• Two different bills pending in House
  ▪ Ways & Means versus Energy & Commerce
  ▪ Will have to be merged before House vote
  ▪ W&M bill very similar to SFC
• Problem: any of the bills cost at least $139B
• What will be the “pay-fors?”
  ▪ Cut bad debt
  ▪ Cut GME
  ▪ Reduce CAHs to 100% of cost
  ▪ Cut update factor for all PAC providers
  ▪ Cuts to provider-based clinics
1. ACA GOING LIVE

- Implementation SNAFUs
  - Largely behind us now
  - Insurers still having trouble getting accurate information
- Impact on providers
  - Flood of new patients in ER
  - Insurer “pass-back” in negotiations
  - Still 31M uninsured by 2017 (per CBO)
  - Individual mandate is tiny in early years
  - Employer mandate may get tossed in states with Federal exchange
TWO THINGS TO IGNORE

• IPAB
  - No members
  - Nothing to do anyway

• Fundamental Medicare Restructuring
  - Especially not in election year
  - Trustee’s report says Part A good to 2026