May 2, 2011

Value-based Purchasing Final Rule

Hospital payments for the initial year of Medicare’s new value-based purchasing (VBP) program will depend on compliance scores for 12 clinical quality measures as well as the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores reflecting patient experiences while in the care of the hospital. CMS issued the rule, which sets forth policies for the VBP, on April 29.

Beginning in Fiscal Year (FY) 2013, hospitals will be paid based, at least partially, on their performance related to specific quality measures rather than just reporting on them. The change is required under the Patient Protection and Affordable Care Act, which formally established the VBP. The clinical measures for the first year of the program will account for 70% of a hospital’s VBP score and the HCAHPS survey for 30%. For FY 2014, CMS will add the heart attack, heart failure and pneumonia mortality measures to the VBP program, as well as eight measures of hospital-acquired conditions and two composite patient safety and inpatient quality indicators developed by the Agency for Healthcare Research and Quality.

The VBP program will apply to all acute-care prospective payment system hospitals with certain exceptions. For example, for the clinical process measures, CMS will exclude from hospitals’ scores any measures for which they report fewer than 10 cases and will exclude from the VBP program any hospitals for which fewer than four of the 12 proposed clinical process measures apply. CMS will also exclude from the VBP program any hospital that reports fewer than 100 HCAHPS surveys during the performance period.


May Schedule for AHA Mid-Management Series

The Arkansas Hospital Association (AHA) will offer the second of two courses (a live workshop and a Webinar) in the 2011 Mid-Management Healthcare Leadership Series in May. The workshop series is designed to help both new and veteran management level employees learn, or review, realistic and workable techniques for managing and leading people in their hospitals, and to assist member hospitals in developing leadership skills and competencies among their current employees.

“Nine Success Secrets of World Class Healthcare Managers” will be held May 25 in the Arkansas Hospital Association classroom. Acxiom executive and leadership consultant Jeff Standridge will facilitate, just as he did at last year’s AHA Annual Meeting to a very satisfied crowd. According to Standridge, the first thing to remember about successful management is that success is, for the most part, predictable. Years of research has uncovered what successful people think, say, believe and do. The way to capitalize on that research is to synthesize it, to understand it at the cellular level, and to formulate a “model of success” that can be replicated. Participants will learn the nine success secrets of world class healthcare managers, and how to apply them in their daily lives, both in and out of the workplace. “CSI Workplace: Customer Service Internally = Profit,” a
Webinar by management consultant Chris Zervas, will be offered May 17. This Webinar will examine research that shows the impact of the culture of the hospital on customer service, how culture creates motivated employees and how motivated employees create loyal customers.

The Mid-Management Leadership Series consists of six live programs and three Webinars that build on the premise that managers represent the hospital and are the primary factor for determining an employee’s desire to work for that hospital. While the workshops and Webinars are marketed as a series, participants may choose to attend them individually, as well. Individuals seeking an AHA Mid-Management Certificate must attend and complete at least five of the live programs and one Webinar. The registration fee for all programs (except for the October 5 workshop) is $145 and the Webinars are $180. A copy of the brochure is available at http://www.arkhospitals.org/events/mid-management-healthcare-leadership-series.

**2012 Payment Rates for Medicare SNFs**

The Centers for Medicare & Medicaid Services (CMS) issued a proposed rule on April 28 that discusses options the agency is considering for purposes of setting the 2012 Medicare payment rates for skilled nursing facilities (SNFs). One option being considered reflects the standard rate update methodology which would provide an increase of $530 million, or 1.5 percentage points. The increase is derived from applying the 2012 market basket index of 2.7% reduced by 1.2 percentage points to account for greater efficiencies in the operation of nursing homes. This provision was called for in the Affordable Care Act.

The other option CMS is considering adjusts for an unexpected spike in nursing home payments during FY 2011. Under this option, CMS would restore overall payments to their intended levels on a prospective basis which would require reducing FY 2012 payments to Medicare skilled nursing facilities by $3.94 billion, or 11.3% lower than payments for FY 2011.

The proposed rule is on display at the Federal Register’s Public Inspection Desk and will be available under “Special Filings” at: http://www.ofr.gov/OFRUpload/OFRData/2011-10555_PI.pdf or http://www.federalregister.gov/inspection.aspx. For further information, see www.cms.hhs.gov/center/snft.asp.


**Supreme Court Won’t Fast-Track Reform Hearing**

Contrary to what many might prefer, the U.S. Supreme Court won’t be hearing arguments anytime soon related to the constitutionality of the individual mandate provision of The Patient Protection and Affordable Care Act of 2010 (ACA). That decision was announced last week when the court rejected a call by Virginia’s attorney general to fast-track oral arguments in a lawsuit in which a Virginia federal judge struck down the ACA requirement that nearly all private individuals purchase health insurance. Virginia Attorney General Kenneth Cuccinelli, II had asked the high court to bypass the normal appeals process and take up oral arguments in the case. The Supreme Court issued its denial Monday without elaborating, leaving judicial review of the legislation to continue in federal appeals courts. In the Virginia case, U.S. District Judge Henry Hudson ruled in December that Congress overstepped its Constitutional authority by requiring nearly all private citizens to purchase health insurance or face tax penalties. The Justice Department appealed the
ruling to the U.S. Court of Appeals for the 4th Circuit in Richmond, which agreed to schedule arguments in the case for later this month. The high court’s decision leaves open the door for several other appeals courts to rule on the matter while the overall appeals process plays out in the 26-state challenge against the healthcare reform law. Experts continue to predict that the Supreme Court will tackle the matter prior to the 2012 presidential election.

Reminder: Quality Conference Registration

Registration is now open for AFMC’s 18th Annual Quality Conference, to be held May 10-11 in Little Rock, AR, at the Doubletree Hotel. This conference aims to educate Arkansas’ healthcare providers and quality improvement specialists about ways to improve healthcare across clinical settings: long-term care, home healthcare, hospitals and physician offices. It provides opportunities to share information, ideas and concerns about Arkansas’ healthcare through lectures, peer presentations and collaboration. CE credits have been applied for. To learn more or to register, visit http://www.qualityconference.org.

Proposal Would Change IRF Payments, Policies

On April 22, CMS issued a proposed rule that would update Medicare payment policies and rates for inpatient rehabilitation facilities (IRFs) in Fiscal Year (FY) 2012. The rule proposes to increase payment rates under the IRF Prospective Payment System (PPS) by a projected 1.5% – an estimated $120 million nationwide. The projected update reflects a rebased and revised market basket specific to IRFs, inpatient psychiatric facilities and long-term care hospitals (the RPL market basket) – currently estimated at 2.8% for FY 2012 – less a 1.3 percentage point reduction mandated by the Affordable Care Act (ACA).

The proposed rule, which would apply to approximately 200 freestanding IRFs and about 1,000 IRF units in acute care hospitals and critical access hospitals, seeks to establish a new quality reporting system authorized by the ACA, which would be aligned with the goals of the Partnership for Patients, the new public-private partnership that will help improve the quality, safety and affordability of healthcare for all Americans.

Initially, IRFs would submit data on two quality measures: “urinary catheter-associated urinary tract infection” and “pressure ulcers that are new or have worsened.” These proposed measures represent two of the nine conditions the Partnership has identified as important places to begin in efforts to reduce harms to patients. A third measure that is currently under development is also discussed as a potential measure for future rulemaking cycles. The CMS proposed rule also addresses readmissions within 30 days to another inpatient stay, whether in an acute care hospital, rehabilitation facility or other setting.

IRFs that do not submit quality data would see their payments reduced by two percentage points beginning in FY 2014. CMS anticipates adding measures for reporting in the future through rulemaking and plans to establish a process for making the measures data available to the public.

The proposed rule also would update the case-mix group relative weights using FY 2010 IRF claims and FY 2009 IRF cost report data, and set the high cost outlier threshold at $11,822 for FY 2012, compared with $11,410 for FY 2011. It is projected to maintain outlier payments at 3% of total payments under the IRF PPS in FY 2012. And, the proposal would allow IRFs to receive temporary adjustments to their full-time equivalent intern and resident caps if they take on interns.
and residents who are unable to complete their training because the IRF that had been training them either closed or ended its resident training program.

The proposed rule went on display on Friday, April 22 at the Federal Register’s Public Inspection Desk and will be available under “Special Filings” at http://www.OFC.gov/inspection.aspx. CMS will accept comments on the proposed rule until Tuesday, June 21, 2011, and will address all comments in a final rule to be issued by Monday, August 1, 2011. For more information, please visit http://www.CMS.gov/InpatientRehabFacPPS.

New RAC Report

Medicare’s Recovery Audit Contractors (RAC) have collected $313.2 million in alleged overpayments from healthcare providers since October 2009, and paid them $52.6 million in underpayments, according to a new report from CMS. The report, which can be found at http://www.cms.gov/RAC/Downloads/FFSNewsletter.pdf, identifies the top overpayment issues in each of the four RAC regions nationwide, which involve coding errors and inappropriate billing of bundled services separately.

Additional information on the RAC program’s impact on hospitals can be found in the American’ Hospital Association’s (AHA) February RACTrac report. AHA developed the free RACTrac Web-based survey tool to measure the RAC program’s impact on hospitals, educate the field on RAC vulnerabilities and help advocate for needed changes to the program. The most recent RACTrac report reveals that about one in four of the claims denials reported to AHA were appealed, of which 85% were overturned on appeal. The report also contains information on medical necessity review and the administrative burden associated with the RAC program.

The AHA Calendar

May 2011
3 “Together We Thrive” The UMC Response to a Tragedy: The Tucson Shootings – Webinar AZ0503
3 Community Health Needs Assessment: The Time to Start is Now – Webinar T2667
4-6 Society for Arkansas Healthcare Purchasing and Materials Management (SAHPMM) Annual Meeting and Trade Show, Clarion Resort on the Lake, Hot Springs
5-6 Intensive Workshop in Health Care Ethics: Narrative and Medicine, UAMS, Little Rock
10-11 Arkansas Foundation for Medical Care (AFMC) Quality Conference, Doubletree Hotel Little Rock
11-13 Arkansas Association for Healthcare Engineering, Inc. (AAHE) 45th Annual Meeting & Trade Show, Embassy Suites, Little Rock
12 ICD-10-CM/PCS: What Every Hospital Needs to Know Now – Webinar T2673

Information on all AHA educational programs and activities is available at www.arkhospitals.org/events.