Final Rule Includes PPS “Coding Offset”

Last week, CMS chose to ignore concerns expressed by America’s hospitals and a majority of both houses of Congress and issued its hospital inpatient and long-term care prospective payment system (PPS) final rule for fiscal year (FY) 2011 that finalizes its proposed 2.9% “coding offset.” Based on previous analyses of the adjustment, the nation’s hospitals will see not just a reduced rate of increase in Medicare payments for the upcoming Federal Fiscal Year, but actually will be paid fewer dollars for care provided to Medicare patients.

According to CMS, the cut is necessary to eliminate what the agency claims is the effect of coding or classification changes which do not reflect real changes in case mix. Due to the coding offset cut and other policy changes, hospitals will see their FY 2011 payments decrease by 0.4% for FY 2011. Arkansas’ PPS hospitals stand to lose $34.5 million for the year due to the reduction.

The rule also finalizes CMS’ earlier “clarification” of its policy concerning when provider taxes are considered allowable costs under Medicare. Although the American Hospital Association (AHA) voiced its opposition to this “clarification,” which is actually a change in policy, CMS finalized its proposal. Specifically, Medicare contractors will determine whether the provider taxes will be considered allowable on a case-by-case review, based on reasonable cost principles, and will determine if a reduction of the allowable tax expenses is necessary to account for payments providers receive that are associated with the assessed tax.

American Hospital Association President and CEO Rich Umbdenstock commented that not only will the rule result in a reduction of billions of dollars needed to care for sicker patients but it also will have the unintended consequences of damaging hospitals as an economic mainstay during the recession. The cuts create real potential to harm hospitals’ ability to provide jobs. To read his full statement, click on [http://www.aha.org/aha/press-release/2010/100730-st-finalippsrule.html](http://www.aha.org/aha/press-release/2010/100730-st-finalippsrule.html).

AHA Annual Meeting Leadership Workshop

The Arkansas Hospital Association’s 80th Annual Meeting and Trade Show features an exciting new leadership workshop this year. Since she was such a hit two years ago, we’ve invited Susan Keane Baker to be with us again to present “HCAHPS Booster: What Leaders Need to Do NOW!,” as the AHA Leadership Workshop on Wednesday, October 6, on the first day of the annual meeting to be held at the Peabody Hotel in downtown Little Rock.

Baker’s presentation style is fast-paced with information presented in very unique ways. She will lead discussion on the following topics:

- Getting to 99: Achieving a Culture of Service Excellence
- Listening Boot Camp
- The Credibility/Likeability Makeover
• Service Recovery Skills to Restore Patient Satisfaction

Nursing contact hours and long-term care continuing education will be awarded for attendance. Approval is pending for continuing education hours from the Health Care Compliance Association and for CPHQ recertification by the Healthcare Quality Certification Board.

Registration is only $100 for the workshop, which is available to all AHA members. A copy of the October 6-8 annual meeting brochure containing registration information is available at http://www.arkhospitals.org/events/annual-meeting, or by calling (501) 224-7878. Printed brochures will be mailed to all AHA members this week.

**Data Issue of AHA Magazine Available**

Each year, the Arkansas Hospital Association dedicates the summer issue of its quarterly publication *Arkansas Hospitals* to cover a broad range of statistical and other information about the state’s hospitals. The 2010 edition of the magazine was distributed to all AHA members and other subscribers last week. This magazine is a readily available, useful resource that can help hospital leaders communicate about utilization trends and the financial strength of the state’s hospital community, as well as its impact in area economies, social structures and care-giving networks.

The information contained in the summer magazine provides a sense of how legislation and regulation are vastly changing hospitals’ ability to stay solvent and offers the background needed to effectively discuss the “health of healthcare” in Arkansas with people in local communities. It will help to explain a hospital’s financial situation to those who don’t understand today’s challenges and it can help to form a base of discussion for visits with elected officials regarding how their vote may affect the local healthcare scene. The Summer 2010 issue of *Arkansas Hospitals* can be a valued resource. Please use it, and let us know how it helps you communicate the “healthcare message.”

The summer issue of *Arkansas Hospitals* is available online at http://www.arkhospitals.org/archive/arkhospmagpdf/AHASummer10.pdf. Statistical information from the issue is also available by specific category and topic in the statistical resources section of the AHA’s Web site at http://www.arkhospitals.org/hospital-statistics/2010-statistical-data. From there, you may find the chart or information you need and print them individually.

**Legal Note: Guidance On Access To Care For Individuals With Mobility Disabilities**

On July 22, the twentieth anniversary of the Americans With Disabilities Act of 1990 (ADA), the Civil Rights Division of the U.S. Department of Justice (DOJ) and the Department of Health and Human Services’ Office for Civil Rights (OCR) jointly issued a technical assistance document entitled, *Access to Medical Care for Persons with Mobility Disabilities*.

The publication is designed to help medical providers understand how the ADA and Section 504 of the Rehabilitation Act of 1973 apply to them and offer guidance on the requirements of these laws in medical settings for people who are in a wheelchair, walking on crutches, or otherwise suffering with mobility disabilities. The ADA is a federal civil rights law that prohibits discrimination against individuals with disabilities in everyday activities, including medical
services. It applies to both public and private hospitals, doctors’ offices, clinics and other healthcare providers. Section 504 is a civil rights law that prohibits disability-based discrimination in programs or activities that receive federal financial assistance, including Medicare and Medicaid reimbursements.

The 19-page technical assistance document contains an overview of general legal requirements, commonly asked questions, and illustrated examples of accessible facilities, examination rooms, and medical equipment. In issuing the guidance, Georgina C. Verdugo, Director of OCR, noted that “[d]ue to barriers, people with disabilities are less likely to receive even basic medical treatment that will prevent routine small problems from turning into major and possibly life threatening ones.”

Additional information about the ADA is available at www.ada.gov; for more information about Section 504, visit www.hhs.gov/ocr/. Access to Medical Care for Persons with Mobility Disabilities is available on both of these Web sites and may be accessed in PDF format at: http://www.hhs.gov/ocr/civilrights/understanding/disability/adamobilityimpairmentsguidance.pdf.

Suggested topics for the Legal Note may be submitted to elisawhite@arkhospitals.org. The Legal Note is provided solely for informational purpose and does not constitute legal advice. Readers are encouraged to consult with their own attorneys about any legal issues, including those discussed in this article.

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**Quality Data Reporting Deadline: August 15**

Hospitals participating in the pay-for-reporting program under Medicare’s inpatient prospective payment system must indicate whether they participate in systematic databases for cardiac surgery, stroke or nursing-sensitive care, and acknowledge the accuracy and completeness of their quality data to receive their full annual payment update for fiscal year 2011. The information (http://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetBasic&cid=1228757480320) must be submitted to www.QualityNet.org by August 15. Hospitals that do not perform cardiac surgeries will be able to indicate that in their data submission. In addition, hospitals must for the first time attest to the accuracy and completeness of the data they submit for the pay-for-reporting program.

The reporting period began July 1. However, as of July 27, more than a third of hospitals had not completed the reporting of their participation in the systematic databases and attested to the accuracy of the data. This reporting must be completed no later than August 15 in order for your hospital to qualify for its full update. All hospitals are urged to complete the reporting as soon as possible.

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**ESRD Bundled Payment Rule**

CMS has issued a final rule implementing a Medicare bundled payment system for outpatient dialysis services for patients with end-stage renal disease (ESRD), effective as of January 2011. The final rule sets a base payment rate of $229.63 for each dialysis treatment, which would be adjusted for case mix, new patients, pediatric patients, co-morbidities, low-volume facilities, geographic wage index, dialysis training treatments for home or self dialysis, and high-cost “outlier” cases. The rule is posted at http://www.ofr.gov/OFRUpload/OFRData/2010-18466_PI.pdf. The financing agency also issued a proposed rule (http://www.ofr.gov/OFRUpload/OFRData/2010-18465_PI.pdf) that would establish a new value-based purchasing (VBP) program that would link a facility’s ESRD payments to performance...
standards, effective January 2012. Under the proposed rule, payment rates would be reduced by up to 2.0% if a facility fails to meet certain quality performance measures. This would be the first pay-for-performance program in a Medicare fee-for-service payment system. CMS will accept comments on the proposed rule until Sept. 24.

EHR Tip Sheets Online

Now available on the CMS EHR Incentive Programs Web site are a couple of resources to help hospitals understand how to qualify for available incentives tied to use of electronic health records (EHR). The information covers:

- **EHR Incentive Program for Medicare PPS Hospitals**
  Learn which Medicare hospitals are eligible for incentive payments. (See the separate tip sheet for Critical Access Hospitals below.) This sheet provides user friendly information about the factors which impact incentive payment amounts and provides sample payment calculations, and

- **EHR Incentive Program for Critical Access Hospitals (CAHs)**
  How are Medicare incentive payments calculated for CAHs? When can they be earned? Learn more in this informative discussion of the calculation of incentive payments. Sample calculations are provided. This sheet also provides information on how reimbursement will be reduced for CAHs which have not demonstrated meaningful use of certified EHR technology by 2015.


The AHA Calendar

**August 2010**

10  Creating Value In Hospitals Through Strategic Financial Planning & Management – Webinar T2606
10  Medicare 101: An Overview of Medicare Payment Systems; A Three-part Webinar Series: Part 2 – Overview of Medicare Payment Methods
11  AFMC Abstraction Training 1 on 1
12  Medical Records: Ensuring Compliance with the CMS CoP Requirements – Webinar T2607
12  Arkansas Society for Directors of Volunteer Services (ASDVS) Summer Conference
17  eDiscovery – A Three-part Webinar Series – NE080310-S: Session 2 – Collecting and Handling Electronic Evidence
19  Sustainable Hospital Expense Reduction: Integrating Benchmarking and Process Improvement Activities – Webinar AZ081910