

Regulatory Update

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MEDICARE PPS RATES for 2009

- Rate Notice issued on October 30, 2008**
 - Inflation update set at 2.9%**
 - Rates reduced by 2.75% by creep adjustment**
 - Decision on 2011 proposed creep adjustment (proposed at 2.71%) delayed**
 - Outlier standards maintained for 2009 despite high increase in outlier spending**
 - Wage index continues in same form**
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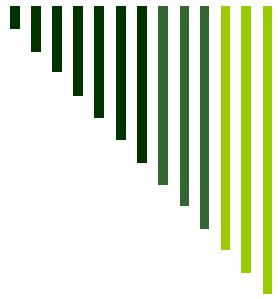
Case Mix Creep Lawsuit

- NAHC v. Leavitt
 - Filed October 16, 2008: DC federal court
 - Procedural and substantive claims
 - Defendant filed Motion to Dismiss on jurisdictional grounds
 - Plaintiff argues exhaustion of administrative remedies should be waived
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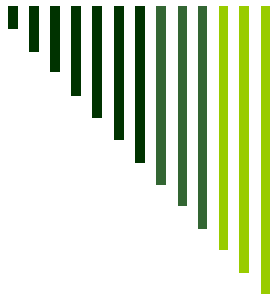
MedPAC 2009

- MedPAC recommends a 5.46% rate cut in 2010
 - Zero inflation update
 - Accelerate 2011 creep adjustment to 2010
 - Other recommendations
 - Rebasing rates to 2007 costs and utilization in 2011
 - Add quality performance incentives
 - Limit profits
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Status of MedPAC Recommendations

- Administration's 2010 budget includes all of the MedPAC recommendations
 - Impact huge
 - \$550M in 2010
 - \$2.56B in 2011
 - \$13B over 5 years
 - \$37B over 10 years
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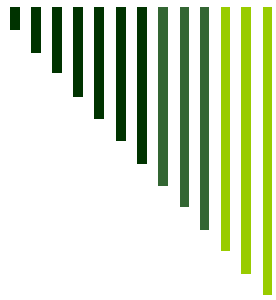
Reality Check

- Margins are decreasing with scheduled cuts
 - Margins ignore all facility-based HHAs
 - Margin analysis skips some costs
 - Overall margins approx. 3%
 - Range of margins extraordinarily wide
 - 35% of HHAs with negative margins
 - 65% of HHAs with negative margins under recommendation
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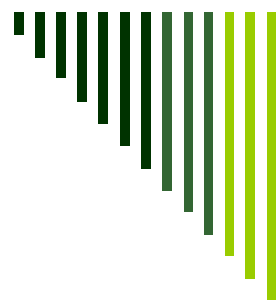
MedPAC and the Future

- Focus on paying for quality and performance
 - Concern about quality measures?
 - Bundling of post-acute care?
 - Integrated systems
 - Required physician/patient contacts
 - Analysis of physician financial relationships
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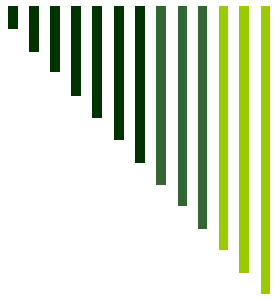
Time for More PPS Reforms?

- ❑ Distribution model is failing
 - ❑ Case mix adjuster stretched to its limits
 - ❑ Frontier agencies at risk
 - ❑ Certain inner city/high Medicaid HHAs at risk
 - ❑ Capital funds limited for equipment acquisition
 - ❑ Wage index weaknesses growing
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The Future for Medicare Post-Acute Care?

- Administration's budget includes bundling
 - ??? Payment to hospital for first 30 days post hospital by 2013 (CBO option)
 - PAC Demonstration: 2011 Report
 - All post-acute settings
 - Goal:
 - Standardize patient assessment information across post acute settings (CARE Tool)
 - Examine resources and outcomes associated with PAC treatment
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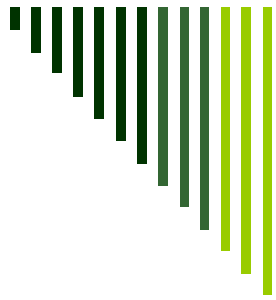
GAO Home Health Report

- “Improvements Needed to Address Improper Payments in Home Health” GAO-09-185 (February 2009)
 - Focus on spending growth
 - Most growth in 6 states
 - Highlights certain oversight weaknesses
 - Outlier scandal in Miami
 - Recommends background checks, post-pay reviews, billing privilege sanctions
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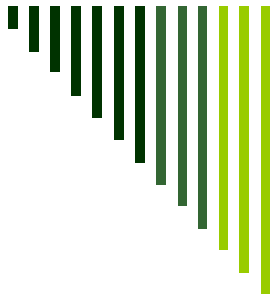
Value Based Purchasing

- Pay-for-Reporting
 - **OASIS Reports**
 - **CAHPS Initiative**
 - Pay-for-Performance
 - **Demonstration program underway**
 - **No results to date**
 - **Demo is reward-based only**
 - **Dynamic value evaluation is an important advance**
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OASIS C

- Revised OASIS assessment tool to OMB
 - Refinements
 - Processes
 - Timeline:
 - OMB approval: April 2009
 - Field Testing: May-September 2009
 - CMS notice: ??????
 - Data specification publication: July 2009
 - Collection: January 1, 2010
 - Public display of outcomes: December 2010
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OASIS C

- NQF Measure Harmonization
 - Flu/Pneumonia
 - Immunizations and Pressure Ulcers
 - Cross setting measures - Care
- Process Measures:
 - How the system works –
 - Proactive planning and performing
 - what is known to be clinically relevant and evidence based
 - to ultimately improve outcomes.



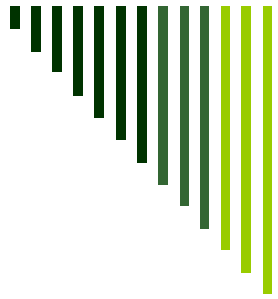
CAHPS Tool and Process

- Consumer Assessment of Healthcare Providers and Systems (CAHPS) Home Health Care Survey
 - Mode Testing: Spring & Summer 2009
 - Vendor approval Spring-Summer 2009
 - Voluntary home health agency adoption: September 2009
 - Voluntary Public Reporting: Late 2010 or early 2011
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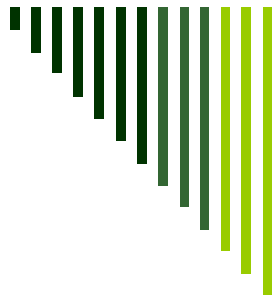
MAC Awards: Home Health

- Jurisdictions: 6, 11, & 15 protested
 - Jurisdiction 14 transition: May 15, 2009
 - Provider Challenges
 - Jurisdiction 11: Contractor unchanged
 - Jurisdiction 14: New contractor, but work subcontracted to current intermediary
 - Jurisdiction 6: New contractor
 - Jurisdiction 15: New contractor (New Jersey)
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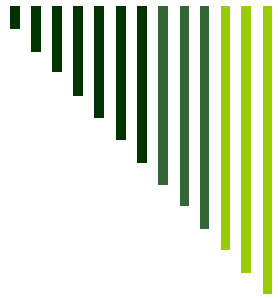
MAC Transition: Potential Problems

- Claims processing glitches
 - Medical review: policy interpretation
 - Homebound
 - Medical necessity
 - Local Coverage Decisions
 - Contractor contact changes
 - Contractor procedures changes
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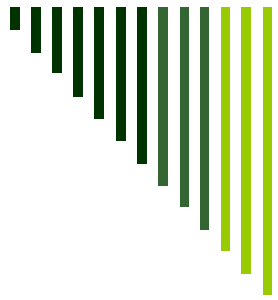
Quality Initiative

- Acute Care Hospitalization Project
 - Research finding
 - 1% reduction in ACH rates
 - 9th SOW
 - Transitions project
 - Special project
 - Focus: communication across providers
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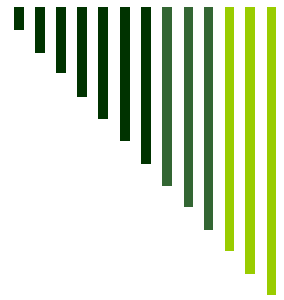
Fraud & Abuse

- Anti-fraud initiatives
 - Texas, Florida, and CA activities
 - Surety bonds (DME)
 - Re-enrollment
 - Sanctions and civil monetary penalties
 - CMS contractors
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Recovery Audit Contractors

- RAC Implementation
 - Home Health
 - No history
 - Data files to contractors late summer
 - Identification of vulnerabilities to follow
 - Training: after hospitals and SNFs
 - Zone Program Integrity Contractors (ZPIC)
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Payment Reform

