Current Issues for Long-Term Care Hospitals

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Agenda

- Regulatory requirements to be paid as a LTCH
- Operational and compliance issues for LTCHs
  - Requirements for LTCHs co-located with another hospital
  - Requirements for provider-based LTCHs
- Changes to the LTCH reimbursement structure for FY 2015
- LTCH moratorium
- Looking forward – Changes to expect in FY 2016
LTCH Overview

- Acute care hospitals are paid under the IPPS and receive fixed payments based on the patient's DRG.
- LTCHs, IRFs, and psych facilities are excluded from the IPPS if they meet certain requirements to account for the patients they treat.
- LTCHs can receive higher reimbursement under the LTCH PPS than allowed under IPPS.
- LTCHs are paid under the same DRGs applied to IPPS, but weights are applied to LTCH payments to account for medically complex patients.
LTCH Definition

Medicare, Medicaid, and SCHIP Extension Act of 2007 defines a LTCH as being “[p]rimarily engaged in providing inpatient services by or under the supervision of a physician to Medicare beneficiaries whose medically complex conditions require a long hospital stay and programs of care provided by a LTCH.”
LTCH Requirements

- To initially be excluded from the IPPS, a LTCH must have a Medicare inpatient ALOS greater than 25 days for 5 months of the immediately preceding 6-month period.

- After initial classification, a LTCH must maintain an ALOS greater than 25 days during its cost reporting period.
  - Total number of covered and noncovered days of Medicare and Medicare Advantage inpatients divided by total Medicare discharges for hospital’s most recent cost reporting period
    - If a patient is admitted and discharged in different reporting periods, the total days are counted in the period patient is discharged.

- LTCHs must also:
  - Meet Medicare CoPs for acute care hospitals
  - Treat patients with medically complex conditions
LTCH Operational and Payment Issues

- LTCHs can function as:
  - Freestanding facilities,
  - Hospital within hospitals (HwH): located in the same building or on the same campus of another hospital;
  - Satellite facility: provider-based facility that is a HwH and operates under the same Medicare number as its “parent” LTCH that is at another location
  - Remote facility: free-standing provider-based facility that operates under the same Medicare number as its “parent” LTCH that is at another location
LTCH Operational Issues for HwH

- LTCHs that operate as HwH must be completely separate from the host hospital
  - Not under the control of the host hospital or a third entity that controls both hospitals
  - Separate governing body
  - Separate medical staff, CMO, CEO

- Grandfathered HwH are exempt from these requirements
  - Excluded from PPS on or before 9.30.03. To maintain grandfathered status:
    - Can increase square footage of grandfathered LTCH
    - Cannot increase bed count over 9.30.03 bed count
LTCH Operational Issues for Satellite Facilities

- LTCHs that operate as satellite facilities must:
  - Independently comply with all LTCH requirements, including ALOS.
    - ALOS of satellite and parent facility will not be averaged
  - Separation from host hospital (but not "parent" facility)
    - Medical staff who provides care are not under control of host hospital
    - Separate admission and discharge records
    - Separate beds – cannot intermingle beds
  - Meet provider-based requirements, including, but not limited to:
    - Owned by “parent” facility
    - Under same state license (if allowed) & Medicare number of “parent”
    - Controlled by “parent” facility
    - Within 35 miles of “parent” facility
LTCH Operational Issues for Remote Facilities

- LTCHs that operate as remote facilities must:
  - Independently meet ALOS.
    - ALOS of remote and parent facility will not be averaged
  - Meet provider-based requirements:
    - Owned by “parent” facility
    - Under same state license (if allowed) & Medicare number of “parent”
    - Controlled by “parent” facility
    - Financial integration with “parent” facility
    - Clinical integration
      - Same medical staff
      - Patients have access to both facilities
    - Public awareness
    - Within 35 miles of “parent” facility
LTCH Payment Updates for FY 2015

- On 8.22.14, CMS published the final Medicare LTCH payment rates and policies for FY 2015 (10.1.14 – 9.30.15). Changes include:
  - 1.1% increase to LTCH PPS payments
    - .9% increase to standard Federal rate
    - .1% increase in high cost outliers
    - .2% increase in short stay outliers
  - Increase in high cost outlier payments – FY 2015 fixed-loss amount of $14,972 compared to FY 2014 $14,314
LTCH Payment Updates for FY 2015

- Short stay outlier –Current policy remains in effect. LTCHs receive decreased payment if patient has a shorter LOS than average LOS at a LTCH.
  - Discharges qualify as a short-stay outlier when the LOS is between one day and up to 5/6 of the ALOS for the LTC-DRG to which the case is grouped.
    - ALOS for specific DRG is 30 days. Short stay is 25 or less days (30 X 5/6).
LTCH Payment Updates for FY 2015 – Wage Level Adjustment

- Revised LTCH PPS market areas to correspond to new core-based statistical areas based on the 2010 census
  - Some areas may be switched (urban to rural and rural to urban)
  - Rural LTCHs will receive slightly lower increases even though CMS calculates a 1.1% increase in increased payments to LTCHs due to their wage increase decrease.
LTCH Payment Updates for FY 2015 -
Interrupted Stay Policy

- No change to interrupted stay policy - CMS retracted proposal to modify interrupted stay policy

- Interrupted stay policy – patient is discharged to an acute hospital, IRF, or SNF and readmitted to LTCH
  - Short interrupted stay - 3 days or less at another facility
  - Long interrupted stay - 3 days or more at another facility
    - 4-9 days in an acute hospital
    - 4-27 days in an IRF
    - 4-45 days in a SNF
LTCH Payment Updates for FY 2015 - Interrupted Stay Policy

- Short stay interrupted payment policy
  - Services provided during short interrupted stay are responsibility of LTCH through “under arrangements.”
  - Payments for services provided during interrupted stay are included in LTCH’s payment.
  - LTCH must pay other facility. Other facility cannot bill Medicare separately.
  - If patient receives treatment during short interrupted stay, those days count towards LTCH’s ALOS. If patient does not receive care (patient went home), those 3 days do not count towards LTCH’s ALOS.
LTCH Payment Updates for FY 2015 - Interrupted Stay Policy

- Long stay interrupted payment policy
  - If patient is re-admitted within required timeframe, Medicare pays LTCH one payment based on initial admission and makes separate payment to intervening provider.
  - If patient is not re-admitted within required timeframe, readmission is treated as a separate LTCH stay and LTCH would receive two payments.
  - If outside of timeframe, the days prior to the initial discharge from the LTCH and the days following the second admission to the LTCH are counted towards LTCH’s ALOS. Days in intervening facility are not counted towards ALOS.
LTCH Payment Updates for FY 2015 – 5% Readmissions Rule Eliminated

- 5% readmissions policy eliminated
  - Previous policy - If the number of discharges and readmissions between a HwH or satellite facility and host hospital exceeded 5% of total discharges during a cost reporting period, Medicare would only make one DRG payment for both such discharges, regardless of time spent at intervening facility.
  - Why CMS eliminated the 5% rule:
    - CMS developed new patient criteria for reimbursement under LTCH PPS effective FY 2016 that will eliminate need for 5% rule
    - Rule has limited impact on provider behavior because it was applied during a cost report settlement and did not affect the payment the provider received after providing services.
LTCH Payment Updates for FY 2015 – 25% Admissions Rule

- If more than 25% of a LTCH's discharges during a cost reporting period are admitted from a single acute hospital, the LTCH's payments are adjusted for any discharges exceeding that 25% threshold to what Medicare would have paid under IPPS.

- Relief from 25% rule extended until cost reporting periods beginning on or after
  - 7.1.16 for free-standing LTCHs; and
  - 10.1.16 for HwH and satellite hospitals.
- Grandfathered HwH permanently exempt from 25% rule.
LTCH Moratorium – History

- No new LTCHs, satellites, or bed increases

- Effective for cost reporting years beginning on 12.29.07 for a 3 year period. Patient Protection and Affordable Care Act extended moratorium for 2 more years through 12.28.12.

LTCH Moratorium

- Prohibits the establishment and classification of LTCHs or satellite facilities.
  - Exceptions
    - Began qualifying period prior to 4.1.14;
    - Has written agreement as of 4.1.14 with an outside party for construction, renovation, lease, or demolition of a LTCH and spent at least 10% of project’s estimated cost or, if less than 10%, $2,500,000 before 4.1.14; or
    - Feasibility and land purchases do not count if they are prior to lease, construction, or demolition
    - Obtained a CON in a CON state.
LTCH Moratorium

- The new moratorium prohibits the increase of LTCH beds in an existing LTCH
  - No applicable exceptions
  - Prior moratoriums allowed exceptions

- To date, CMS has not released guidance on the moratorium's exceptions to Medicare Administrative Contractors, CMS ROs, and state survey agencies.
Looking Forward - Changes for LTCHs in FY 2016: Site Neutral Payments

- Effective for cost reporting periods 10.1.15, LTCHs will be paid under two-tiered system.
- LTCHs will be paid under the LTCH PPS if the patient does not have a psych or rehabilitation principal diagnosis and:
  - The patient was in an acute care hospital’s ICU for at least 3 days immediately preceding their stay in the LTCH; or
  - The patient was in an acute care hospital immediately preceding their stay in the LTCH and was on a ventilator for more than 4 days in the LTCH.
Looking Forward - Changes for LTCHs in FY 2016: Site Neutral Payments

- Discharges not meeting the critical conditions will be paid a "site neutral payment" that is the lessor of:
  - The estimated cost of the services provided; or
  - A per diem under the IPPS under the short stay outlier payment methodology plus any high-cost outlier payment.

- Discharges paid a site neutral payment or Medicare Advantage discharges are excluded from the ALOS calculation for LTCHs that attained their LTCH designation on or before 12.10.13.

- Allows for a new LTCH business model
Looking Forward - Changes for LTCHs in FY 2016: Site Neutral Payments

- The site neutral payment will be phased in during FY 2016 and 2017.
  - Discharges that do not meet the critical conditions will be paid ½ the site neutral payment and ½ LTCH PPS rate.
  - In FY 2018, site neutral payment will be fully implemented.
- In FY 2020, CMS will implement the LTCH Discharge Payment Percentage
  - LTCHs with less than half of their discharges paid at the full LTCH PPS rates will be switched to IPPS
Looking Forward - Changes for LTCHs in FY 2016: Quality Reporting

- ACA requires that for FY 2014 and after, LTCHs submit quality reporting information to avoid a 2% reduction in Medicare payments.

- In FY 2015, LTCHs must continue to report on:
  - Number of catheter-associated urinary tract infections
  - Central Line-Associated Blood Street Infections
  - Percentage of residents with new or worsened pressure ulcers

- In FY 2016, LTCHs must start to report on:
  - The percentage of patients who appropriately received a flu vaccine
  - Number of healthcare personnel who received a flu vaccine
Looking Forward - Changes for LTCHs in FY 2016: Quality Reporting

- In FY 2016, LTCHs must not only report on measures, they must meet the measures to avoid having their Medicare payments reduced by 2% in the next fiscal year.

- Must meet both thresholds:
  - 80% threshold for quality measures reported using the LTCH Care Data Set QIES system
    - Threshold may be raised
  - 100% threshold for quality measures reported using the CDC’s NHSN system

- Appeals must be filed within 30 days of notice from CMS that measure is not met
Questions?

Thank you
We will send you an email with the CLE certificate of attendance.

- Colorado 1.0 hour (Course ID 744244)
- Illinois 1.0 hour
- Missouri 1.2 hours
- Nebraska 1.0 hour (Activity ID 96905)
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