



STATEMENT
OF THE
NATIONAL ASSOCIATION OF LONG TERM HOSPITALS

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON HEALTH

APRIL 16, 2015

Dear Chairman Pitts and Ranking Member Green:

The National Association of Long Term Hospitals (NALTH) would like to thank you for the opportunity to submit a statement for your hearing on “Medicare Post Acute Care Delivery and Options to Improve It.” NALTH is the only hospital trade association in the nation that is devoted exclusively to the needs of patients who require services provided by long term care hospitals (LTCHs). NALTH is committed to research, education and public policy development that further the interests of the very ill and often debilitated patient populations that receive services in LTCHs throughout the nation.

We understand and support efforts made in pursuit of improving the quality and efficiency of post-acute care. However, we also recognize that changes that are implemented too quickly and without careful review and testing may have unintended consequences for Medicare beneficiaries, particularly for the most severely ill patients. We believe that the patient populations of LTCHs are particularly vulnerable to unintended consequences from implementation of bundled payment approaches that do not accurately reflect and account for

the high acuity of these patients. Patients treated in LTCHs often possess multiple comorbidities and require specialized care. Because other settings often lack the capacity to provide the care these patients need, our members fill a critical role in the post-acute care landscape.

From this perspective, we would like to share our thoughts relating to the Bundling and Coordinating Post Acute Care (“BACPAC”) Act, which can be summarized as follows.

- A systematic approach is needed to developing and testing a post-acute care (PAC) bundled payment approach before implementation to avoid unintended consequences on Medicare beneficiaries, particularly the chronically and critically ill patients cared for in LTCHs.
- Passage of bundled payment legislation before the results and lessons learned from the Medicare bundled payment demonstrations are realized is premature.
- The IMPACT Act provides the foundation for implementing post-acute payment reform. Passage of the BACPAC Act could short-circuit these efforts.

A Systematic Approach is Needed to Allow for Sufficient Quality Measurement

Development, Data Collection, and Testing of Bundled Payment

To implement the BACPAC Act or any national bundled payment policy, a number of critical steps would need to be completed. NALTH believes the Centers for Medicare & Medicaid Services (CMS) would need to:

- Implement a new patient assessment instrument,
- Develop a patient classification system (e.g., condition-related group (CRG)),

- Define an episode of care to be covered by the bundled payment
- Determine accurate payment rates for post-acute care (PAC) episodes of care,
- Test the bundled payment model approach to ensure it works as intended, and
- Implement a monitoring system to identify stinting or other unintended consequences.

Episode reimbursement levels cannot be determined until resource utilization data for specific episode types (e.g., CRGs) become available. Data on specific CRGs will not be available until the patient assessment instrument used to produce these groupings is selected, developed, and implemented. Thus, each of these complex steps in the process must be completed consecutively rather than simultaneously.

Any large-scale reform effort holds the potential for severe unintended consequences. A hasty implementation schedule unnecessarily exacerbates these risks, and in this case, could result in unnecessary suffering and premature death for those most frail and ill Medicare beneficiaries. We note that the Center for Medicare and Medicaid Innovation at CMS is testing post-acute care bundled payment demonstrations in the Bundled Payments for Care Improvement (BPCI) initiative. Our hope is that some of the issues described in these comments can be worked out through the demonstration process. However, the passage of bundled payment legislation before the results and lessons learned from the BPCI are realized is premature.

The IMPACT Act Provides the Foundation for Implementing Post-Acute Payment Reform

Congress recognized the need for a measured approach to post-acute care payment reform in the IMPACT Act of 2014. The IMPACT Act establishes an approach to develop and implement standardized patient assessment data for PAC providers (HHAs, IRFs, SNFs, and

LTCHs). The data are intended to facilitate comparisons of patients, quality of care, and outcomes across PAC settings, improve PAC discharge planning, and inform the development of PAC payment reforms. In addition, the Medicare Payment Advisory Commission (MedPAC) and the Secretary of Department of Health and Human Services (DHHS) are required to submit reports to Congress on a prototype PAC payment system and provide recommendations for reforming PAC payments. The passage of the BACPAC Act would short-circuit these efforts.

The approach to PAC payment reform offered in the BACPAC Act is one of a number of alternatives that policy makers could consider. It should be considered along with other approaches by MedPAC and DHHS in their assessments. Moreover, we believe that CMS should have an opportunity to test the approach presented in BACPAC either through the BPCI initiative or some other demonstration to assess its impact on quality and Medicare spending. The results and lessons learned from the current BPCI initiative and other demonstrations could then be used to help inform a PAC payment reform.

More Experience is Needed before Adopting National PAC Bundling

There are many issues to be worked out before a national PAC bundling approach can be unveiled. For example, under the Medicare benefit package the accrual of Medicare benefit days and related beneficiary co-insurance and deductible obligations are closely aligned to traditional fee for service payment systems and the type of provider (e.g., hospital or SNF) in which a beneficiary receives covered services. Bundled payments may affect beneficiary co-insurance and deductible obligations, patient spend-downs as well as Medigap, Medicaid and other secondary payer obligations.

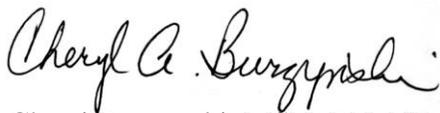
In addition, direct quality monitoring efforts must be developed and used to identify and

correct stinting behavior under bundled payment. The BACPAC Act includes a section on “quality assurance” that requires the PAC network agreement to have a written plan to guarantee high quality care. We strongly support such efforts, and encourage further demonstrations of how such efforts can ensure patients receive necessary treatment. We believe further clarification is needed in this area and specific requirements need to be specified with respect to the monitoring of quality and outcomes.

We conclude by noting that Congress recently enacted legislation that will significantly alter Medicare payments for inpatient services in LTCHs, effective for discharges in cost reporting periods beginning on or after October 1, 2015. The legislation limits full LTCH Prospective Payments to those cases deemed appropriate for LTCH care. Given these changes and the types of patients LTCHs treat, NALTH believes that it is important to proceed cautiously in bundling payments for the most highly medically complex Medicare beneficiaries.

Thank you again for the opportunity to provide a statement. While we commend the work that has been invested in developing the BACPAC Act, we believe additional data and research are needed before such reforms can be implemented in a way that benefits beneficiaries.

Sincerely,



Cherri Burzynski, MSN, RN, NE-BC
President
National Association of Long Term Hospitals