Fiscal Year 2014 Final Rule: Updates for LTCHs

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Objectives

- Review updates to the FY14 IPPS/LTCH PPS Final Rule
- Discuss impact of rule changes on LTCH operations
- Provide strategies to avoid payment adjustments and prepare for future regulations
Criteria

Classification as an LTCH defined under the Inpatient Prospective Payment System §412.23:

- Hospital provider agreement with Medicare
- Average length of stay
  - Medicare inpatient length of stay >25 days, or
  - Cost reporting year on or after Aug. 5, 1997
    - ALOS >20 days (all payers)
    - At least 80% of Medicare discharges (12-month period ending in FY97) have a principal diagnosis reflecting neoplastic disease

Payment

- Per discharge
- Patient classification system: MS-LTC-DRG
MS-LTC-DRG: Overview

**MS-LTC-DRG Framework**
- Uses the inpatient MS-DRG
- 25 Major Diagnostic Categories (MDCs)
- Further divided into surgical or medical
- Incorporates subgroups of 2 to 3 DRGs
  - Differentiate severity based on presence or absence of a CC or MCC

**MS-LTC-DRG Elements**
- Principal diagnosis
- Secondary diagnoses
- Surgical procedures
- Age
- Sex
- Discharge status
Current

- ICD-9-CM
  - Partial code freeze to prepare for transition to ICD-10
  - 4 new procedure codes (new technology)
  - No new, revised or deleted diagnosis codes
  - No revised or deleted procedure codes

Future Conversion

- ICD-10-CM and ICD-10-PCS coding systems
- Target date remains Oct. 1, 2014
- Ongoing CMS project to adapt MS-DRG system to ICD-10
  - Final conversion will be implemented at the same time as ICD-10 and subject to rulemaking
## MS-LTC-DRG: Coding Impact

### Volume (based on FY13 updates)

<table>
<thead>
<tr>
<th></th>
<th>ICD-9</th>
<th>ICD-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosis Codes</td>
<td>14,613</td>
<td>69,832</td>
</tr>
<tr>
<td>Procedure Codes</td>
<td>3,838</td>
<td>71,920</td>
</tr>
</tbody>
</table>

### Example Translation: Pressure Ulcers

<table>
<thead>
<tr>
<th></th>
<th>ICD-9</th>
<th>ICD-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>broad</td>
<td>specific</td>
</tr>
<tr>
<td>Stage</td>
<td>N/A</td>
<td>stages 1-4 &amp; unspecified</td>
</tr>
<tr>
<td># of codes</td>
<td>9</td>
<td>150</td>
</tr>
</tbody>
</table>
**MS-LTC-DRG: Preparation**

**Systems**
- Software updates
- Interfaces

**People/Process**
- Education and training of coding staff
- Physician education
- Concurrent documentation improvement strategies
- Assessment of current vulnerabilities and actions to improve
MS-LTC-DRG: FY14 Updates

**MS-LTC-DRGs**
- No changes to the MS-LTC-DRGs (751)
- GROUPER software version 31.0 (changes to MS-DRG classifications)

**Relative Weights**
- Annual adjustment based on average resources needed in each MS-LTC-DRG
  - Based on total charges from FY12 LTCH bill data, excluding Medicare Advantage
- Published with MS-LTC-DRGs in Table 11
- LTRAX: CMI has been updated for FY14 weights for discharges on or after Oct. 1, 2013
Payment Rate Changes

- Total 1.3% payment increase to LTCHs in FY14
  - 1.7% market basket update, less adjustments that include reduction mandated by Affordable Care Act and budget neutrality adjustment
- For facilities not reporting quality data, a 2.0% reduction
  - CMS granted de facto grace period for FY14

Standard Federal Rate

- $40,607.31 (FY13 = $40,397.96)

Prospective Payment = Federal Rate x Relative Weight (unadjusted)
### FY14 LTCH PPS: Payment Rate Example

<table>
<thead>
<tr>
<th>MS-LTC DRG</th>
<th>Relative Weight</th>
<th>Federal Rate</th>
<th>Unadjusted Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>207</td>
<td>1.9725 x</td>
<td>$40,607.31</td>
<td>$80,097.92</td>
</tr>
</tbody>
</table>

Adjusted payment for hospitals non-compliant with LTCH QRP

$39,808.74 = $78,522.74
Additional Adjustments

- Wage Index
- Labor Share
- Cost to Charge Ratio (CCR)

High Cost Outlier / Fixed-Loss Amount

- $13,314 ($15,408 in FY13)

Short Stay Outliers

- Short Stay: Length of stay up to and including 5/6 the ALOS for the MS-LTC-DRG
- Very Short Stay: IPPS Comparable Threshold (Table 11)
Avoid Payment Reductions

Manage Short Stays and High Cost Outliers

- Admissions
- Clinical capabilities
- Case management

Prevent 2% QRP Non-Compliance Penalty

- Hospital status with quality reporting
  - LTRAX
    - Transmittal reports
    - Validate with census reports
  - NHSN
    - Monthly CMS quality report
    - Submission requirements within your hospital
    - Validation of data reported
- Documentation to support LTCH CARE data and NHSN reporting
  - Compliance program/plan
Background

- Commonly known as the 25% Rule
- FY05 IPPS/LTCH PPS Final Rule
- First applied to Hospitals-within-a-Hospital (HwHs) and satellites co-located with a host hospital or on same campus (within 250 yards)
- Expanded to all LTCHs admitting from any hospital in FY07 IPPS/LTCH PPS Final Rule
- Impact adjusted by phasing in thresholds and temporarily exempting certain LTCHs (MMSEA & ARRA/ACA)
- Full effect held back by repeated moratoria
- FY13 IPPS/LTCH Final Rule provided a final 1-year extension of most recent moratorium
FY14 Final Rule: 25% Threshold

Full Application of 25% Payment Adjustment

- Applies to freestanding LTCHs and grandfathered co-located LTCHs
- Effective for discharges occurring on or after Oct. 1, 2013

25% Rule Description

- If >25% of discharges for a cost reporting period are admitted from any one hospital, the payment to the LTCH is adjusted (lesser of a payment based on MS-LTC-DRG or an equivalent amount under the IPPS)
- Exclusions:
  - Admission of any patient from short term acute care who already qualified for outlier payment does not count toward 25% calculation
  - Patients admitted from the referring hospital prior to reaching 25% threshold; adjustment impacts patients admitted after the 25% threshold met for the remainder of the cost reporting year
  - Subclause (II) LTCHs (LTCHs using alternate LOS definition, see “LTCH PPS: Background”)
25% Rule vs. Admission Criteria

- Intent
- CMS still reviewing research and evaluating LTACH admission criteria
  - Chronically critically ill; medically complex (CCI/MC)

Referral Outcomes Management

- % of admissions from top referring hospitals
  - Tracking of acute outlier payments and adjusting threshold
- Business Development/Strategic Plan
  - Strategies to expand beyond current market
  - Analysis and opportunities beyond current patient population
Timeline established for admission as an inpatient

- Intent: more clarity in short term acute care admission
- Differentiates between observation and admission
- Patient expected to stay over 2 midnights should be admitted as an inpatient
  - Requires a physician order to be admitted as an inpatient and to be billed under Medicare Part A
Impact for Post-Acute Hospitals

- Interrupted stays
- Re-admission to short-term acute care
  - Unplanned?
  - Reason for re-admission?
- Physician orders/certification

Hospital Services are Reasonable and Necessary

- Physician order
- Reason for hospitalization (LTCH criteria)
- Estimated length of stay
- Discharge plan
Quality Reporting Program (QRP) Measures

- Catheter-associated Urinary Tract Infection (CAUTI) *
- Central line-associated Blood Stream Infection (CLABSI) *
- Pressure Ulcers; new or worsened *
- Percent of patients who were assessed and appropriately given the seasonal influenza vaccine **
- Influenza vaccination coverage among healthcare personnel **

* FY14 payment determination and subsequent years
** FY15 payment determination and subsequent years
## FY14 Final Rule: QRP Timeline

### Current Measures: CAUTI, CLABSI, Pressure Ulcers

<table>
<thead>
<tr>
<th>Data Collection Timeframe</th>
<th>Submission Deadline</th>
<th>Payment Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 Jan. - March 2013</td>
<td>Aug. 15, 2013</td>
<td>FY15</td>
</tr>
<tr>
<td>Q2 April - June 2013</td>
<td>Nov. 15, 2013</td>
<td>FY15</td>
</tr>
<tr>
<td>Q3 July - Sept. 2013</td>
<td>Feb. 15, 2014</td>
<td>FY15</td>
</tr>
</tbody>
</table>

*Deadline for both Q4 2013 and Q1 2014 data. Final deadlines shrink to 45 days from end-of-quarter starting with Q1 2014.*
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<tr>
<td>October 1, 2014 – April 30, 2015</td>
<td>May 15, 2015</td>
<td>FY16</td>
</tr>
<tr>
<td>October 1, 2015 – April 30, 2016</td>
<td>May 15, 2016</td>
<td>FY17</td>
</tr>
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<td>Data Collection Timeframe</td>
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Patient Flu Vaccine collected via revised LTCH CARE Data Set

- New forms go into effect on July 1, 2014
- Patient flu vaccine data collected October 1 - April 30
Data Collection Removed

- Some demographic questions
  - Education
  - Occupation
  - Services in the last 2 months
  - Primary diagnosis in the previous facility
- Some data currently required for full payment removed from discharge assessments only
  - Functional mobility
  - Height & weight
  - Diagnoses
  - Bowel continence
- Some Section M pressure ulcers questions
  - Date of oldest Stage 2 pressure ulcer
  - Dimensions
  - Most severe tissue type
Data Collection Added

- Flu Vaccine on Admission, Planned and Unplanned Discharges
  - Did the patient receive the flu vaccine in this facility for this year’s flu vaccination season?
  - If yes, enter date.
  - If no, choose reason.
- Program Interruptions (3 days or fewer) on Planned and Unplanned Discharges

LTRAX Updates

- Software updates underway
- Training closer to July 1
## LTCH CARE Data Set Revisions

### LTRAX Medical Tab – Influenza Section

#### SPECIAL TREATMENTS, PROCEDURES, AND PROGRAMS

**O0250. Influenza Vaccine**

Influenza vaccination season begins on October 1 or whenever the vaccine becomes available (whichever comes first) and ends on March 31.

| A. Did the patient receive the influenza vaccine in this facility for this year’s influenza vaccination season? |
| AMEND | DISCH. |
| Yes | Yes |
| No | No |
| Not assessed | Not assessed |

| B. Date influenza vaccine received (MM/DD/YYYY) |
| AMEND | DISCH. |
| -- Not assessed -- | -- Not assessed -- |

| C. If influenza vaccine not received, state reason: |
| AMEND | DISCH. |
| N | N |

1. Patient not in facility during flu season
2. Received outside of this facility
3. Not eligible - medical contraindication
4. Offered and declined
5. Not offered
6. Inability to obtain influenza vaccine
7. None of the above
8. Not assessed

[Section O of the LTCH ORP Manual](#)
Quality Reporting: One Year In...

Data Collection and Reporting
- Responsible individuals
- Knowledge of definitions/algorithms
- Timeliness

Data Validation
- Data consistency with internal reports
- Supporting documentation

Performance
- Benchmarking (NHSN; LTRAX)
- Performance Improvement Initiatives
Vaccination for Patients
- Hospital Policy and Procedure
- Liaison training
  - Requirements
  - Definition
  - Location in acute care documentation
- Assessment, documentation and communication
  - Pre-admission
  - Admission
- Data entry/reporting

Vaccination for Healthcare Personnel
- Hospital Policy and Procedure
- NHSN definitions
  - Inclusion/Exclusion criteria
- HR systems
- Data collection/reporting
Proposed 3 Additional Measures (FY17 Payment)

- Standardized Infection Ratio (SIR) of hospital-onset MRSA (NQF #1716)
- Hospital-Onset C-Diff Infection (NQF #1717)
- All-Cause Unplanned Readmission Measure
  - Not NQF endorsed
  - Will not be used to determine compliance with LTCH QRP
  - Will be part of public reporting

Things to Consider (MRSA/CDI)

- Collection of HAI data in NHSN
- NHSN Training
- Data Validation
All-Cause Unplanned Readmission Measure

- Claims-based measure
- Includes the following:
  - Patients discharged alive
  - Medicare Part A coverage for 12 months prior to LTCH stay
  - Medicare Part A coverage x 30 days post discharge
  - Acute care facility stay 30 days prior to the LTCH stay
  - >18 years of age
- Excludes the following:
  - Transfers from an LTCH to another LTCH or acute care facility
  - Planned readmissions *
  - Problematic Medicare data files

* See link on additional resources slide at end of presentation.
**FY14 Final Rule: Readmissions**

**Things to Consider**
- Discharge planning process (Care Transitions)
  - Discharge instructions
  - Education and understanding by patient/caregiver
  - Follow-up phone calls
- Current readmission rates and opportunities

**Baseline Performance**
- Readmission data will be reported in CY 2016
- Based on FY13 and FY14 claims
Proposed One Additional Measure (FY18 Payment)

- One or More Falls with Major Injury (NQF #0674):
  - LTCH CARE Data Set
  - Bone fractures
  - Joint dislocations
  - Closed head injuries with altered consciousness
  - Subdural hematoma
Fall Prevention Program

- Hospital Policies and Procedures
- Risk assessments
- Interventions associated with assessment findings
- Communication across interdisciplinary team
- Hourly rounding
- Recognition and rewards

Fall Rates/Severity of Falls

- Data collection and reporting
  - % within each severity level
- Threshold
Future Measures Under Consideration for LTCH QRP

- Safety and Healthcare-Associated Infections (HAI’s)
  - Surgical site infection
  - Ventilator-associated events
- Avoidable Adverse Events
  - Manifestations of poor glycemic control
- Effective Clinical Processes
  - Sepsis management bundle
  - VTE prophylaxis
  - Vent weaning rate
- Patient Safety
  - Restraint utilization
- Patient and Caregiver-Centered Care
  - Functional change
  - HCAHPS
- Communication and Coordination of Care
  - Med reconciliation
  - Transition record (specified elements or timely transmission)
What Lies Ahead....

- Annual notification of non-compliance
  - If opposed can submit request of re-consideration
- Public reporting of quality data
- Value-based purchasing
Additional Resources

**MS-LTC-DRG Table**
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/LongTermCareHospitalPPS/ltcdrg.html

**Admission Orders**

**Planned Readmissions**

**ICD-10 MS-DRG Conversion Project**
http://cms.hhs.gov/Medicare/Coding/ICD10/ICD-10-MS-DRG-Conversion-Project.html

**MS-LTC-DRG Relative Weights, SSO Threshold & IPPS Comparable Threshold**
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/LongTermCareHospitalPPS/ltcdrg.html
Questions?
assistance@ltrax.com

Next Call: Thursday, November 7, 2013
Recovery Audit Contractors (RACs) and Beyond