

Maintain Stable Medicare Funding for SNFs

In late April 2011, the Centers for Medicare and Medicaid Services (CMS) released the annual Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Proposed Rule for FY 2012. The proposed rule provides for two different scenarios and seeks input as CMS decides which to implement on October 1.

Option One

The first option would greatly impact nursing facilities, the economic benefits they bring to communities and the care they provide to millions of older Americans. In this proposal, CMS is attempting to correct what they believe is a projection error in the new payment system. In short, the rule states that CMS must cut reimbursement rates immediately by approximately 12.8 percent.

Option Two

Option two would simply implement a 2.7 percent cost of living adjustment for FY 2012. A 1.2 percent cut would then be applied as a result of Medicare cuts to skilled nursing facilities included in the *Affordable Care Act*. The net result is that SNFs would see an update of 1.5 percent in Medicare reimbursement.

AHCA remains hopeful that through working with the Administration, CMS will adopt a balanced rule that provides stable Medicare funding to skilled nursing facilities.

CMS has based the proposed cut in option one on incomplete data compiled from only one fiscal quarter. The agency should remain consistent with its traditional process, and compile an entire year's worth of data before making any payment adjustments. If it is concluded that a reduction is still necessary, then CMS should again follow its usual practices and phase the cuts over a multi-year period.

An immediate cut of this magnitude would be debilitating to many facilities, possibly threatening their survival and therefore, their ability to provide quality care. Already, many facilities are being forced to deal with large cuts to Medicaid at the state level. Facilities with large Medicaid populations many times depend on Medicare residents to compensate for these Medicaid losses. Unstable Medicare funding would be increasingly difficult for these SNFs to handle.

The long term care sector is also the 10th largest employer in the nation, providing jobs to 3.1 million Americans. The proposed Medicare cut would make facilities across the country face the dire possibility of layoffs or even being forced to close their doors. The result would be devastating to seniors and the economy. At such a fragile time, the last thing our country needs is a blow to a vital economic force.

Financial stability is critical to ensuring sustainable long term care for the more than 1.5 million frail, elderly, and disabled Americans who rely on Medicare and Medicaid every day. These Americans deserve quality of care and quality of life.

We encourage Members of Congress to act quickly by voicing concerns on the proposed cut to CMS before the comment period ends on June 27, 2011.

Ask...

Prior to any payment adjustments to SNFs, CMS should review a full year's worth of data and, if a reduction is determined necessary, implement such a cut over a multi-year period.

Key Facts

- The FY 2012 Skilled Nursing Facility Prospective Payment System proposed rule from CMS includes two different scenarios.
- The first option would cut the Medicare reimbursement rate immediately, hindering the ability of nursing facilities to provide quality care and contribute to the economy.
- The second option is the more modest approach, increasing the rate by 1.5%.
- AHCA remains hopeful that the Administration will adopt a more balanced rule that provides funding stability to SNFs.
- The long term care sector employs 3.1 million Americans.

Contact

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