AAMC: To The Point!

AAMC
Tomorrow's Doctors, Tomorrow's Cures®

FY 2016 Inpatient PPS Final Rule

AAMC Contacts:

DSH and Payment Issues:

- Susan Xu, sxu@aamc.org
- Ivy Baer, ibaer@aamc.org

Quality Performance Programs:

- Scott Wetzel, swetzel@aamc.org

Overview of IPPS

Released in the Federal Register on August 17 - available at http://www.gpo.gov/fdsys/pkg/FR-2015-08-17/pdf/2015-19049.pdf

AAMC Resources:

Individual Institution Reports

- AAMC Hospital Medicare Inpatient Impact Report (mbaker@aamc.org)
- AAMC Hospital Compare Benchmark Report (swetzel@aamc.org)
- AAMC Report on Medicare Inpatient Quality Programs (*In development)*

General Resources

- AAMC IPPS & OPPS Regulatory Page - Contains previous IPPS webinars and comment letters (www.AAMC.org/hospitalpaymentandquality)
- AAMC Quality Spreadsheet (https://www.aamc.org/download/412838/data/aamcqualitymeasuresspreadsheet.xlsx)

AAMC: To The Point!

AAMC

FY2016 Market Basket Update

- A net hospital update of 0.9 percent:
  - 2.4 percent market basket update
  - Less 0.5 percent for multi-factor productivity adjustment
  - Less 0.2 percent ACA adjustment
  - Less 0.8 percent for documentation and coding recoupment
- However, if a hospital does not submit quality data, its market basket update will be reduced by 25%, yielding a net update of 0.3 percent

Additional Factors Affecting Aggregate Payments – FY 2016

Contributing Factor	National Percent Change
FY 2016 increase in final rule payment rates	+0.9
Reduction in the DSH uncompensated care payment pool	-1.0
Frontier wage index floor	+0.1
FY2016 outlier payment at 5.1 percent (compared to FY 2015 outlier payments being underpaid at 4.6 percent)	+0.48
Overall payment impact	+0.4

Shrinking Uncompensated Care Payment Pool

For FY 2016 final rule:

- CMS is distributing an estimated of $6.4 billion in UC payments (decrease of $1.2B from estimated FY 2015 amount)

These changes are primarily attributed to the continued decline in uninsured individuals.

How to Figure Out Your UC DSH Payment

The UC Payment Pool= 75% x $13.411B = $10.058B ($55M higher than the proposed rule estimate)

The Pool is Reduced by Change in the Percentage Insured = $10.058 B x 63.69% = $6.406B (about $1.24B less than FY 2015 UC payments)

UC Payment = $6.406B x [(Your Hospital Medicaid Days + SSI Days*)÷ (Medicaid Days + SSI Days for All DSH Eligible Hospitals)] = YOUR UC DSH PAYMENT

*FY 2013 SSI Ratios

AAMC: To The Point!

AAMC

Lower Fixed-Loss Outlier Threshold in FY2016

- To qualify for outlier payments, costs of the case must exceed the sum of prospective payment rate for DRG, plus IME, DSH, new technology add-on payments, and a fixed-loss cost threshold amount
- FY 2016 fixed-loss outlier threshold: $22,544 (compared to $24,485 in the proposed rule)
  - Reason for the lower fixed-loss outlier threshold is the decrease in charge inflation factor

Two Midnight Rule and Short Stays

- CMS acknowledges that stakeholders have expressed concerns regarding short stays and the Two Midnight Rule

- CMS released changes regarding these issues in the CY 2016 OPPS/ASC proposed rule

Bundled Payments for Care Improvement (BPCI)

- CMS sought feedback on the challenges and issues regarding bundled payments
- CMS received 75 public comments that addressed the evaluation of the BPCI models, further testing of the BPCI initiative, target pricing methodologies, data collection and reporting, quality measures, episode definitions, and payment methodologies, among other issues
  - No further changes were issued to the BPCI initiative

Quality Programs in IPPS

The complete list of measures (and additional information) for the Hospital Acquired Conditions (HAC) Reduction Program, Value Based Purchasing (VBP) Program, Hospital Readmissions Reduction Program (HRRP), and Inpatient Quality Reporting (IQR) Program can be found here.

HRRP

- Starting FY 2017, the population for the pneumonia (PN) readmissions measure will be expanded to include hospitalized patients with the following:
  - Principal discharge diagnosis of pneumonia or aspiration pneumonia
  - Principal discharge diagnosis of sepsis (excluding severe sepsis), who have a secondary diagnosis of PN coded as present on admission

HAC

- Starting FY 2017, the weight for Domain 2 will be 85% of the total HAC score and Domain 1 will be 15%. Hospitals that do not submit data for a Domain 2 measure will receive the maximum score of 10 points for that measure
- Starting FY 2018, CMS will use data collected in the ICU and other locations (medical, surgical and medical/surgical wards) to calculate the CLABSI and CAUTI measures

Quality Programs in IPPS, Continued

VBP

- Starting FY 2018, two measures will be removed (IMM-2 & AMI-7a) and one HCAHPS dimension will be added for payment purposes (CTM-3). In FY 2021, one additional measure will be included (COPD mortality). The complete list of measures, along with updated performance periods and modified domain weights, are outlined here
- Starting FY 2019, CMS will use updated standard population data to calculate improvement and achievement scores for the NHSN measures

IQR

- Starting FYs 2018 & 2019, CMS removed nine measures and added seven new measures. These changes are outlined here
- For payment year 2018, hospitals are now required to report 4 of 28 eCQMs for 1 quarter (either Q3 or Q4 of CY 2016). These measures do not need to span three National Quality Strategy (NQS) domains

AAMC

Tomorrow's Doctors, Tomorrow's Cures

Learn

Serve

Lead

Association of
American Medical Colleges