

FORHP

Policy & Regulatory Update

TASC 90 Call

May 13, 2015

FY 2016 IPPS Proposed Rule

On April 30, CMS published a [proposed rule](#) outlining FY 2016 Medicare payment rates for Acute Care Hospital and Long-Term Care Hospitals (LTCHs). This Hospital Inpatient Prospective Payment System (IPPS) rule:

- Increases total payments to hospitals by 0.3% or \$120 million compared to FY 2015. Hospitals that do not participate in the Hospital Inpatient Quality Reporting (IQR) Program or are not meaningful users of electronic health records (EHR) will have a lower payment update than those that do.
- Adds 8 measures in the IQR program and remove 9, with some shifting to electronic submission.
- Updates the Hospital-Acquired Conditions Reduction Program, the Hospital Readmissions Reduction Program, and the Hospital Value-Based Purchasing Program.
- Requests comments on policy and operational issues surrounding expanding the Bundled Payments for Care Improvement initiative.
- Implements the site-neutral payment rates for LTCHs mandated by the Pathway for SGR Reform Act of 2013 (P.L. 113-67). CMS projects that this payment change would decrease total LTCH payments by 4.6% or \$250 million in FY 2016.

[Public comments](#) will be accepted until June 16.* For further info and supporting data, see the [Medicare FY 2016 IPPS proposed rule homepage](#). **When originally published, the deadline was June 29; however, a [correction published on May 5](#) changed the due date to June 16, although this deadline has not yet been updated on Regulations.gov.*

CAH Manual Updates

On April 7th, CMS revised the State Operations Manual (SOM), [Appendix W](#). This is the guidance state survey agencies and accrediting entities use when surveying CAHs for compliance with the Medicare Conditions of Participation. CMS also issued a [transmittal detailing the changes](#). This revision reflects regulation changes finalized in 2014 and clarifies how survey agencies should assess CAHs' compliance in these areas. The updates were originally issued on January 16th via [Survey & Certification Letter 15-19](#). Updates with significantly increased interpretive guidance include:

- Clarification of required MD/DO review of *inpatient* records when care is provided by non-physician practitioners (review not required for outpatient records unless by state law)
- Inpatient services must be commensurate with the level of other services. (e.g., a CAH with high ED and outpatient utilization but little to no inpatient admissions would be a red flag)
- Therapy services (PT, OT, & SLT) must be provided by staff qualified under state law
- Requirements to monitor patient access to specialty services not available at the CAH
- Expanded medication administration and safety standards
- Drug oversight and drug compounding
- Infection control, monitoring, and reporting of healthcare acquired infections
- Patient nutrition and dietary assessments

Additional SOM Updates

CMS also revised these sections of the State Operations Manual effective March 27:

- Appendix A – Hospitals
- Appendix T - Hospital Swing Beds
- Appendix L – ASCs
- Appendix G – RHCs and FQHCs

This is the guidance that state survey agencies and accrediting entities use when surveying facilities for their compliance with the Medicare Conditions of Participation. Interested stakeholders can review the entire [State Operations Manual online](#) (the appendices are available through links in the Table of Contents document) as well as [the transmittal detailing the changes](#). These revisions update the SOM to reflect regulations finalized last year and were originally issued on January 30th via [Survey & Certification Letter 15-22](#).