FORHP
Policy & Regulatory Update

TASC 90 Call

February 11, 2015

CAH Necessary Provider Issue

- Some Center for Medicare and Medicaid Services (CMS) Regional Offices sent letters to certain critical access hospitals (CAHs) requesting documentation of their compliance with the location requirements. This was a follow-up to the 2013 OIG report on CAH compliance with location requirements, which identified approx. 100 CAHs that did not meet the distance requirement *and* were not identified as Necessary Providers.
- The CMS letters have been rescinded and do not require response.
- However, be aware that the State Operations Manual Appendix W for CAHs states that CMS Regional Offices (RO) and state Survey Agencies (SA) should have documentation of a CAH's original Necessary Provider designation in their files. If they do not, they should ask the CAH to supply the documentation. So CAHs should be prepared to provide this information during their next recertification survey, or upon RO/SA request.
- CAHs that do not meet the distance requirements and are not Necessary Providers are subject to loss of CAH status, which would require conversion to PPS to continue participating in Medicare.
- All CAHs must also be located in a rural area (non-metro county) or must complete an urban-to-rural reclassification to be treated as rural (42 CFR §412.103). The rural requirement is separate from the distance requirement and Necessary Provider status does not provide a waiver to the rural requirement. FORHP project officers notified state offices in November about CAHs that may need to complete an urban-to-rural reclassification.

CMS Physician Quality Reporting System (PQRS) Participation

There has been some confusion around 2015 PQRS payment penalties for CAHs and rural health clinics (RHCs) due to letters that CMS sent to eligible professionals who practice in these facilities.

- RHC Medicare claims are not subject to PQRS penalties. However, any Part B fee schedule claims submitted separately by RHC providers are subject to PQRS (e.g., services provided to hospital inpatients). The CMS letters reference the affected Tax ID # (TIN) and NPI, which should be the Part B practice, not the RHC. CMS used the best available address in PECOS to send the letters, which sometimes was the RHC address.
- Method II CAHs are not subject to 2015 PQRS penalties based on 2013 claims, because their claims couldn't be accepted for PQRS until 2014. However, a small number of Method II CAHs/physicians received a letter in error. CMS has identified them and corrected the system. The Quality Net Help Desk has a corrected list of EPs subject to the 2015 penalty. Again, the key is to check the TIN/NPI listed in the letter, which refers to the entity that will be penalized.
- A 2013 PQRS Eligible Professionals fact sheet and recently issued FAQs about CAHs and RHCs note: 1) Method II CAH professionals can participate in PQRS beginning in 2014 (it's unclear whether it's mandatory) and 2) professionals who do not bill using an individual NPI (incl. those in RHCs, Method I CAHs, etc.) are eligible but unable to participate.
- If someone remains concerned about whether the PQRS penalty is being properly applied to them, they can request an informal review by February 28, as indicated in the letter.
- Also, the deadline to avoid a 2016 penalty for applicable 2014 Medicare claims for most providers is February 28. Here are two resources:
  - Timeline: http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Downloads/PQRS-Timeline-2014-2016.pdf
  - CMS PQRS page: http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/index.html

CAH Survey Manual Updates

CMS issued updates on January 16th. An advance copy of the revised manual was attached to Survey & Certification Letter 15-19. The full State Operations Manual won't be updated for a month or so, but the new guidance is effective immediately. 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. Examples of possible red flags include a CAH with high ED and outpatient utilization but little to no inpatient admissions (page 48-51)
- Requirements that therapy services (PT, OT, & SLT) are 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 Survey Manual Updates

CMS issued additional updates on January 30th via Survey & Certification Letter 15-22.

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

The Medicare Benefit Policy Manual, Chapter 13 has been updated effective January 1, 2015. RHC updates include employment requirements; preventive health services; and other issues related to billing and services. MedLearn Matters 8981 provides a summary of the updates.