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News Break

April 23, 2013 Issue

The Impact of Sequestration on Skilled Nursing Facilities

On April 10 President Obama released his proposed FY14 Federal Budget. The \$3.77 trillion proposes to replace sequestration with defined cuts, the plan would reduce Federal deficits by \$1.8 trillion over 10 years through a combination of tax increases and spending cuts.

Impact on Post-Acute and SNF Services:

- The plan substitutes a 1.1% reduction in the market basket updates for SNFs, IRFs, HHA, and LTCH for the 2% Medicare sequestration. Under the proposal the floor would be a rate freeze. Sequestration reduces payment whereas the market basket adjustment alters the baseline. Over time, the reduction compounds.
- The President's plan proposes further reductions in Medicare bad debt lowering the percentage of allowable bad debt over three years from 65% to 25%. Most SNF bad debt is incurred because states choose not to pay coinsurance and deductibles for dual eligibles.
- Unlike hospitals, SNFs have little or no ability to recoup bad debt. The Budget proposes penalizing SNFs with high preventable hospital admission rates (beginning in 2017).
- Additionally, the Budget extends the multiple procedure payment reduction (MPPR) for therapy Part B services. This 50% reduction for practice expenses hits very hard nursing home residents receiving Part B therapies.

There are provisions within the budget plan that could have positive impact.



Medicare Operations Assessment

Be Prepared..

Sequestration payment reduction.

Be Sure...

Don't leave your Medicare compliance or revenue to chance. Be sure with a Medicare Operations Quality Assessment.

SunSolutions will navigate your success by reviewing key systems that impact compliance and revenue:

- Data gathering
- Daily management
- Communications
- MDS accuracy / timing
- Rehab operations
- End-of-month process
- Part A billing process
- And more...

**Working Together to Drive
You Forward!!**

- The President's plan repeals the sustainable growth rate (SGR) formula for Medicare physician fee schedules and advances a plan for stabilizing and reforming the current professional fee schedules.
- The plan proposes equalizing payment for treatment of certain conditions (hips and knees) in the post-acute setting, and the budget would restore the 75% rule for IRF admissions.
- The plan would also impact home care co-payments for new beneficiaries. Among the more intriguing recommendations is one that would move to implement post-acute care (PAC) bundling. More details and legislative specifications would be required to evaluate this recommendation. In addition to the specific policy recommendations, the budget targeted "savings" from eliminating "waste, fraud and abuse," and tightened the target thresholds for the Independent Payment Advisory Board (IPAB).

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Prepare Now to Stay Ahead In This Ever-Changing Industry

The 2014 FYE Federal Budget extends the multiple procedure payment reduction (MPPR) for Part B therapy services. This 50% reduction for practice expenses hits nursing home residents receiving Part B therapies very hard.

- **Optimize** Medicare Compliance
- **Achieve** Technical Accuracy
- **Improve** Documentation for Medical Necessity

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Contact Info

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