



Advising the Congress on Medicare issues

Assessing payment adequacy: Long-term care hospital services

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Long-term care hospitals, 2009

- Users: 116,000 beneficiaries
- Cases: 131,500
- Spending: \$4.9 billion
- Providers: 404
- Payment: per discharge, using MS-LTC-DRGs

Distribution of LTCHs, 2009



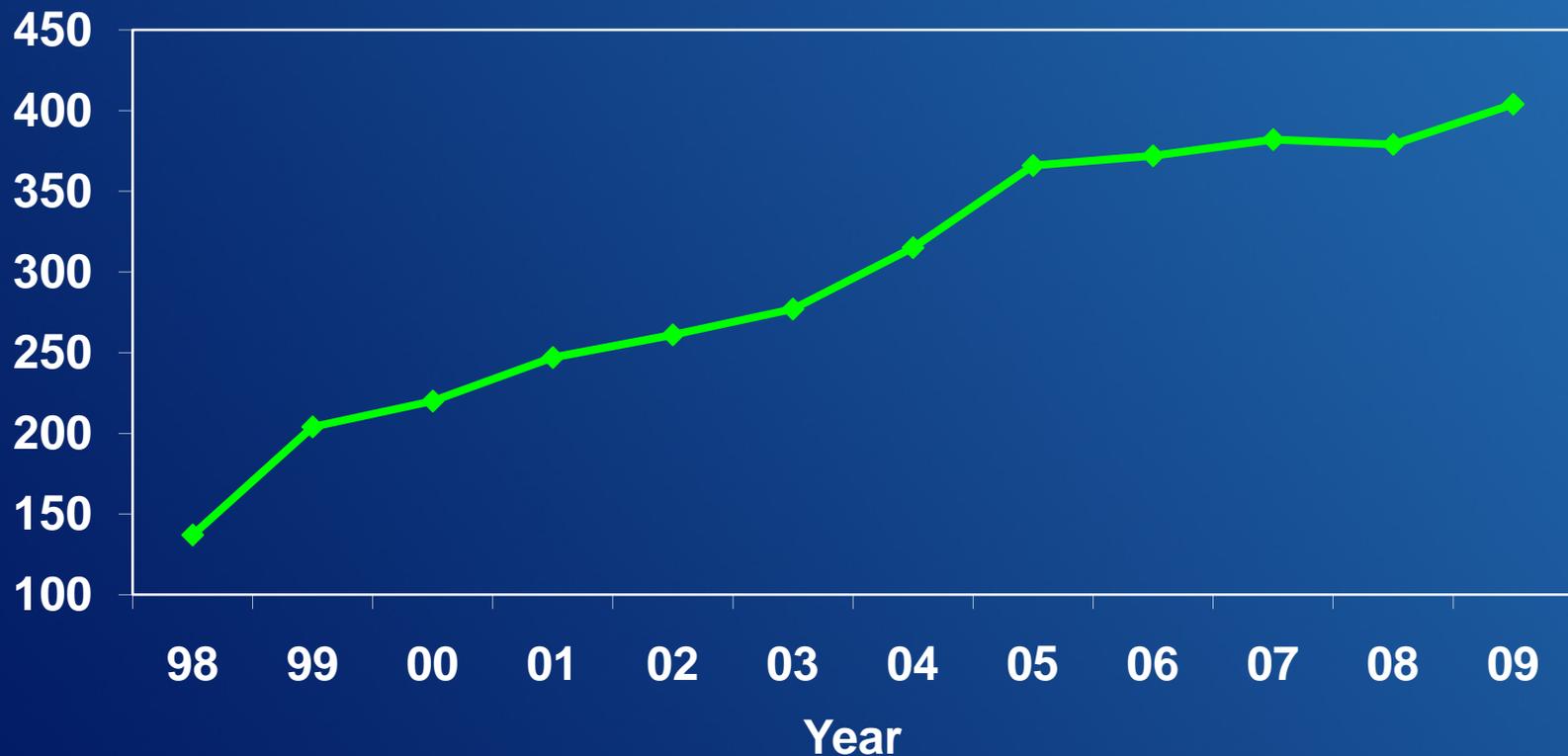
Characteristics of Medicare beneficiaries using LTCHs, 2009

Characteristic	% of LTCH users	% of all beneficiaries
White	74	83
African American	19	10
Hispanic	7	7
<65	23	17
65-74	30	44
75-84	30	27
85+	17	12

Percentages may not sum to 100% due to rounding. Results are preliminary and subject to change.

Source: MedPAC analysis of MedPAR and administrative data from CMS.

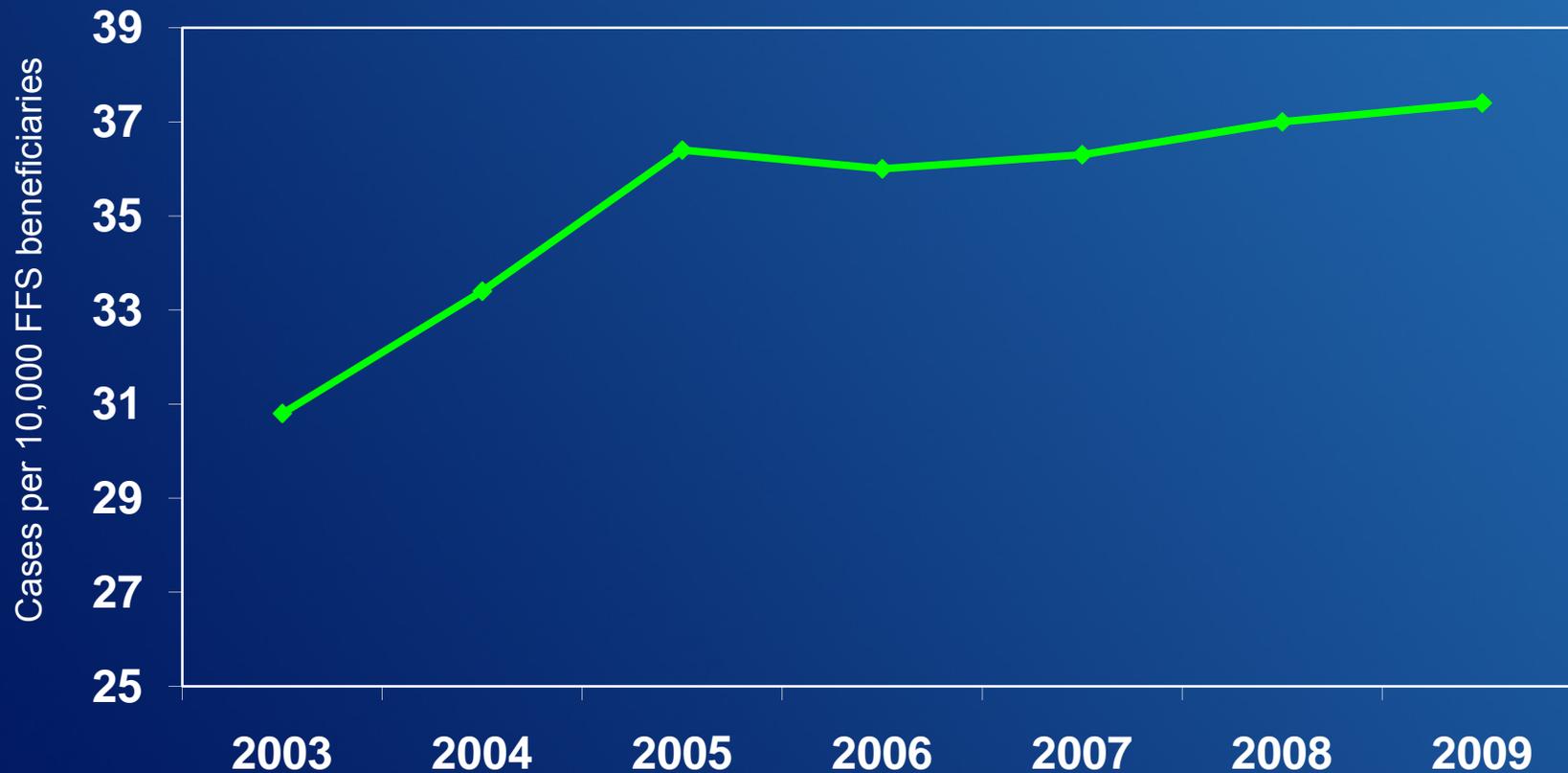
Access to care: Number of LTCH providers increased in 2009



Results are preliminary and subject to change.

Source: MedPAC analysis of cost report data from CMS.

Access to care: LTCH cases per 10,000 FFS beneficiaries rose slightly between 2008 and 2009



Quality: Aggregate measures remain stable

- LTCHs do not submit quality data to CMS
- Readmission rates and mortality rates stable or declining for most of the top 20 diagnoses

Access to capital: Reduced need due to moratorium

- Three largest LTCH chains:
 - Opened new LTCHs
 - Acquired existing LTCHs
 - Acquired other PAC providers
- Moratorium on new beds and facilities should begin to reduce opportunities for expansion

Payments & costs: LTCH Medicare margins, 2009

	% of LTCHs	% of cases	Margin
All LTCHs	100%	100%	5.7%
Urban	95	96	6.0
Rural	5	4	-3.7
For-profit	76	81	7.3
Nonprofit	19	16	-0.2
Government	5	2	n/a

Government-owned facilities' margins are not presented because the number of these facilities is very small. Percentages may not sum to 100% due to rounding. Results are preliminary and subject to change.

Payments & costs: Projected margin

- 2011 margin: 4.8% (projected)
- Due to:
 - 2010 update: market basket minus
 - DCI
 - ¼ percentage point beginning 4/1/10 (PPACA)
 - 2011 update: market basket minus
 - DCI
 - ½ percentage point (PPACA)
 - Increased payments due to changes in outlier payments

Quality measures for LTCHs

- Unplanned readmissions
- Mortality
- Infections
- Falls with injury
- Medication errors & adverse reactions
- Polypharmacy
- Staffing
- Use of:
 - Ventilator weaning protocol
 - EHR
 - Advanced care/end-of-life planning

Issues in quality measurement

- Risk adjustment
- Data collection
- Public reporting and P4P
- Comparison of quality across PAC settings