



Advising the Congress on Medicare issues

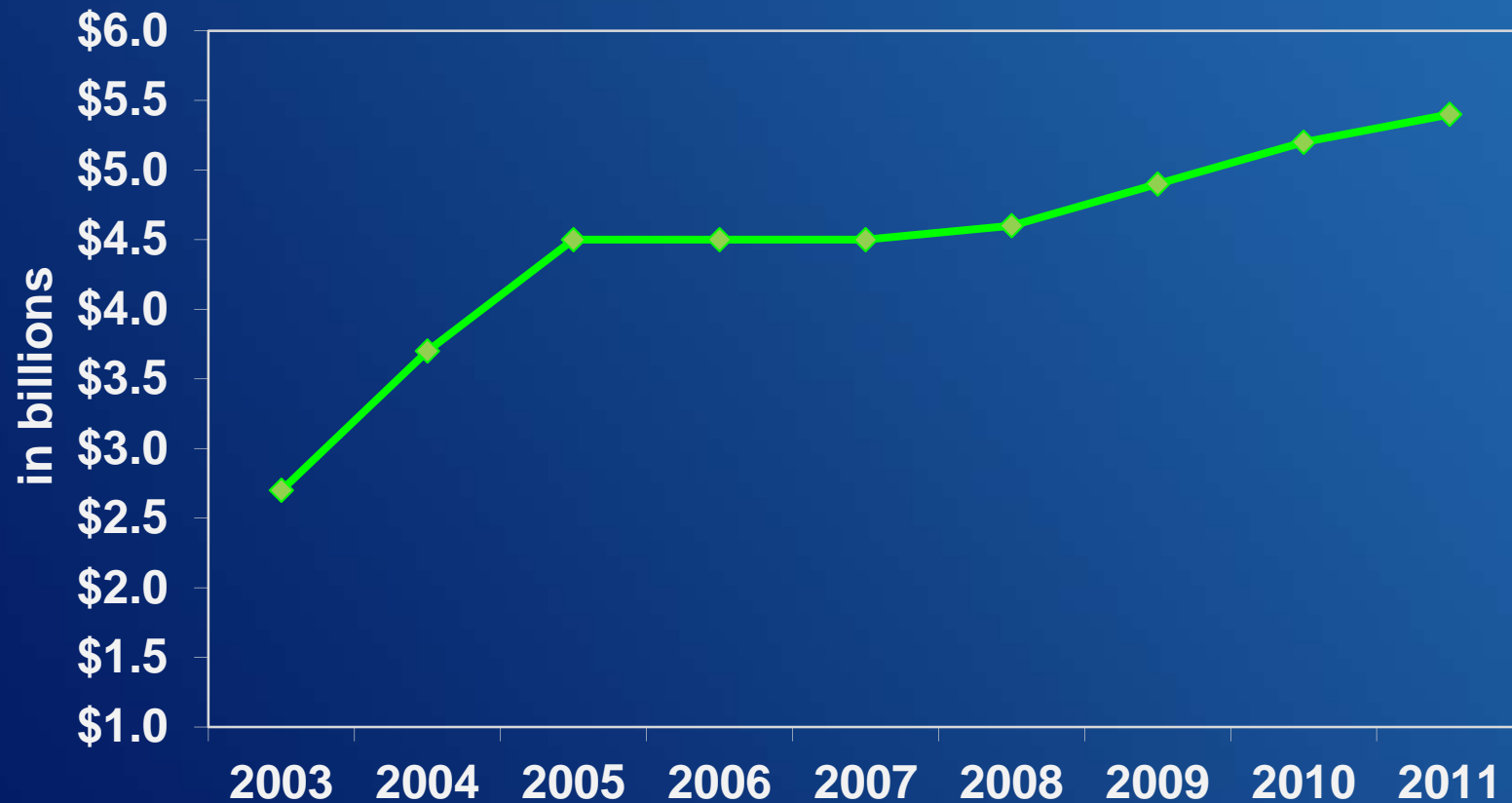
Assessing payment adequacy: Long-term care hospital services

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Long-term care hospitals

- Provide hospital-level care to chronically critically ill patients
- Must have Medicare ALOS > 25 days
- Medicare spending: \$5.4 billion in 2011
 - Cases = 139,700
 - Mean payment per case = \$38,600
- Adjusted payments for:
 - Outliers (high cost, short-stay)

Medicare spending for LTCH services, 2003-2011



Results are preliminary and subject to change.

Source: MedPAC analysis of MedPAR data from CMS.

Access to care

- Change in supply and use of services
- Difficult to assess access to LTCH services:
 - No established criteria for admission
 - Many beneficiaries live in areas without LTCHs and receive similar care in other settings
 - Outcomes comparable to those for similar patients in other settings

Supply: Moratorium has stabilized growth in LTCHs & beds



Results are preliminary and subject to change.

Source: MedPAC analysis of cost report data from CMS.

Use: Volume of LTCH services continues to increase



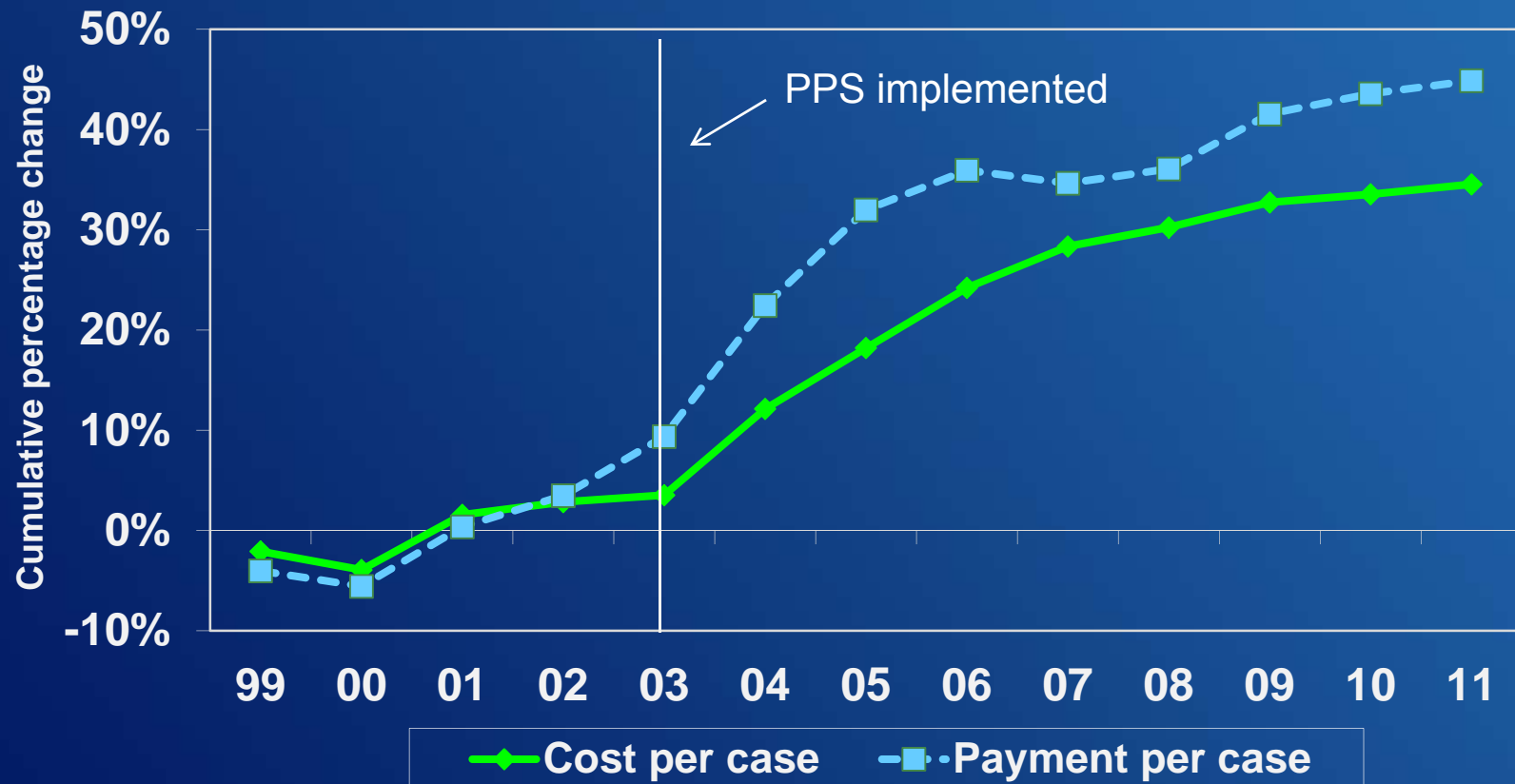
Quality: Stable for limited available measures

- LTCHs began submitting quality data to CMS in October 2012
 - Mandated pay-for-reporting program beginning FY14
 - Catheter-associated UTIs
 - Central-line associated bloodstream infections
 - New or worsened pressure ulcers
- Readmission rates and mortality rates stable or declining for most of the top diagnoses

Access to capital: Moratorium limits activity

- 5-year moratorium on new facilities expires December 2012
- Uncertainty about regulatory oversight and possible Congressional action may continue to limit activity

LTCHs' per case payments continue to increase more than costs



LTCH Medicare margins, 2011

	% of LTCHs	% of cases	Margin
All LTCHs	100%	100%	6.9%
Bottom 25 th	25	18	-9.2
Top 25 th	25	23	20.6
Urban	94	95	7.1
Rural	6	4	1.1
For-profit	76	84	8.5
Nonprofit	19	14	-0.1

Government-owned LTCHs are not shown. Percentages may not sum to 100% due to rounding. Results are preliminary and subject to change.

High- and low-margin LTCHs, 2011

	High-margin LTCHS	Low-margin LTCHs
Standardized cost per discharge	\$27,160	\$36,849
Medicare payment per discharge	\$40,094	\$39,461
High-cost outlier payment per discharge	\$1,134	\$4,434
Mean total discharges (all payer)	553	428
Occupancy rate	75%	61%
Short-stay cases	27%	32%
For-profit	92%	62%

Includes LTCHs that filed valid cost reports in both 2010 and 2011. Results are preliminary and subject to change.

Policy changes for modeling 2013 margins

- 2011 margin: 6.9 percent
- 2012 & 2013 update: market basket minus
 - PPACA adjustments
- 2013 reductions:
 - CMS adjustment for budget neutrality
 - Adjustment due to changes in short-stay outlier policy

Summary

- Access:
 - Supply stable
 - Increased volume
- Quality: Stable for limited available measures
- Access to capital: Moratorium limits activity