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AHA STATEMENT ON CMS FINAL RULE FOR HOSPITAL INPATIENT SERVICES, LONG-TERM CARE HOSPITALS AND RE-BILLING

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Today's rule finalizes many of CMS's proposals. While we continue to believe the coding cuts imposed by the American Taxpayer Relief Act are unwarranted, we appreciate CMS's policy of gradually phasing in the reduction beginning in FY 2014. This approach gives hospitals and health systems additional time to manage these sizeable cuts without harming patient care.

The rule also implements the ACA-mandated Medicare disproportionate share hospital (DSH) reduction. Although we support a two-year delay in the implementation of the DSH reductions due to the promise of coverage not being fully realized, we appreciate that CMS decreased the size of the overall cut to DSH spending—cutting nearly $550 million in FY 2014, as opposed to the proposed cut of $1 billion. We are pleased that CMS finalized its proposal to use inpatient days of Medicaid beneficiaries plus inpatient days of Medicare supplemental security income beneficiaries as the proxy for measuring the amount of uncompensated care each hospital provides.

However, we have several concerns with the final rule. While hospitals have wanted clarification of inpatient admission criteria, this final rule is unlikely to reduce the number of appeals of Part A claim denials, which CMS said was one of the primary goals of its rulemaking. In addition, we are disappointed that CMS chose to implement a 0.2 percent cut related to this proposal.

Also, the final rule demonstrates that CMS is unwilling to fundamentally change its rebilling policy. While they have extended the deadline for very few additional claims, such change will have little practical effect overall. We intend to proceed with our lawsuit.

In addition, with full implementation of the 25% Rule for long-term care hospitals, CMS imposes a barrier by reducing payments based on the origin of the referral, with no regard for a patient's medical necessity for these services.

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