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PROPOSED RULES:

MEANINGFUL USE STAGE 2 AND STAGE 3 RULES

AND

PROSPECTIVE PAYMENT SYSTEM

BerryDunn

AGENDA

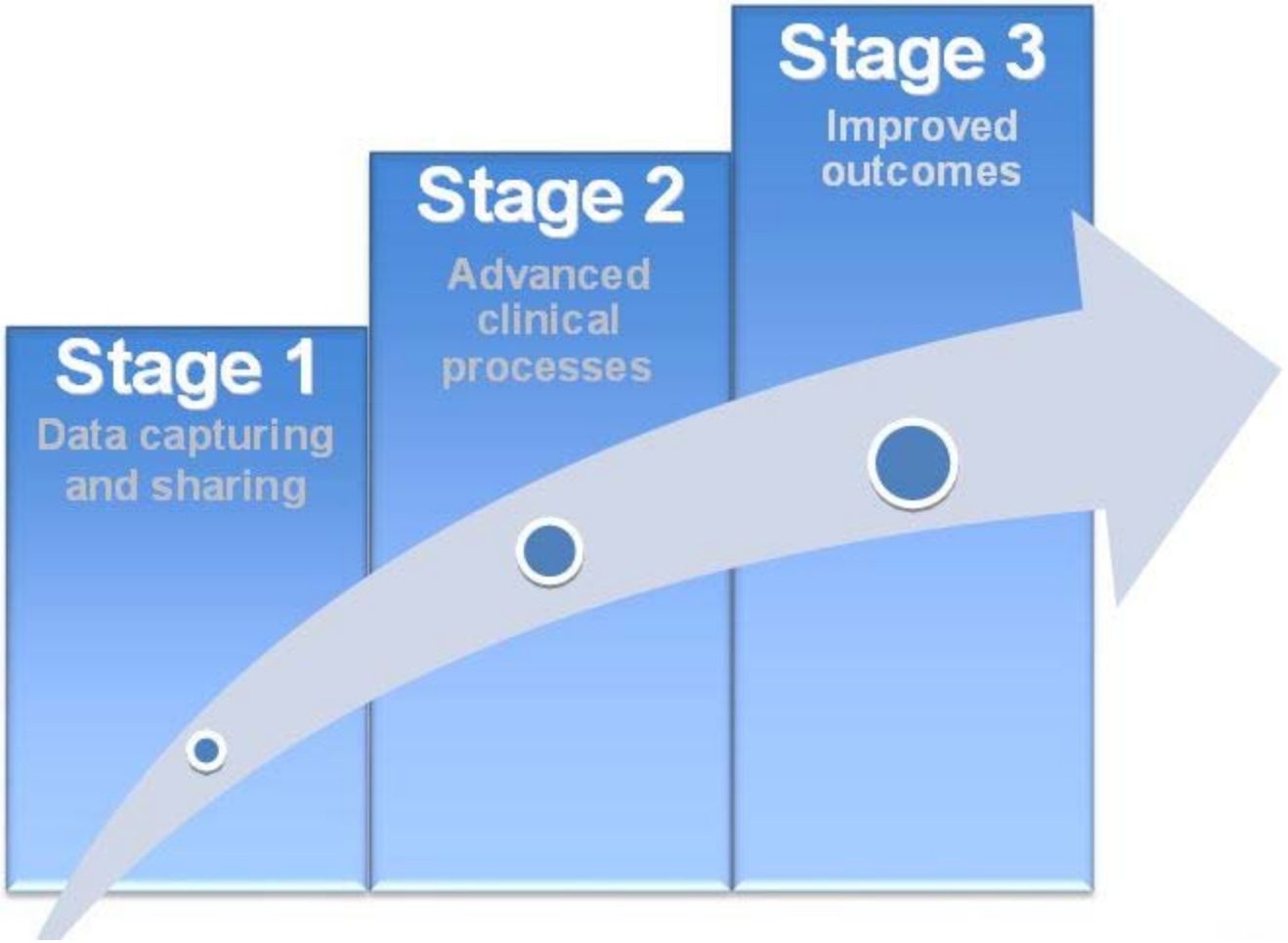
Electronic Health Record Incentive Program Proposed Rules

- Modifications to Meaningful Use 2015-2017
- Electronic Health Record Incentive Program - Stage 3

Prospective Payment System Proposed Rules

- Inpatient PPS
- Inpatient Rehab Facility
- Inpatient Psychiatric Facility

BACKGROUND: FROM CMS



MODIFICATIONS TO MEANINGFUL USE IN 2015-2017

SIMPLIFIES

- Program aligns to goals of Stage 3 proposed rule

CHANGES

- Reporting period in 2015 and 2016

REDUCES

- Objectives to improve advanced use of EHRs

REMOVES

- Redundancy and measures widely adopted

MODIFIED STAGE 2: PROPOSED CURE OBJECTIVES AND PUBLIC HEALTH MEASURE

1. Protect Patient Health Information
2. Clinical Decision Support
3. Computerized Order Entry (CPOE)
4. E-Prescribing (e-Rx)
5. Summary of Care
6. Patient Education
7. Medication Reconciliation
8. Patient Electronic Access to Health Information
9. Secure Electronic Messaging

Proposed - Stage 3 Meaningful Use

- Expected to be final stage of EHR incentive program
- Builds on ground work of stages 1 and 2
- Focuses on advanced use of certified EHR technology
- Moves to calendar year reporting in 2017, single stage reporting in 2018
- Single set of objectives and measures tailored to provider
- Simplified reporting requirements

Proposed - Stage 3 Meaningful Use

CMS proposing 8 objectives with associated measures designed to:

- Align with national health care quality improvement efforts
- Promote interoperability and health information exchange
- Focus on 3-part aim of reducing cost, improving access, and improving quality

STAGE 3 PROPOSED OBJECTIVES

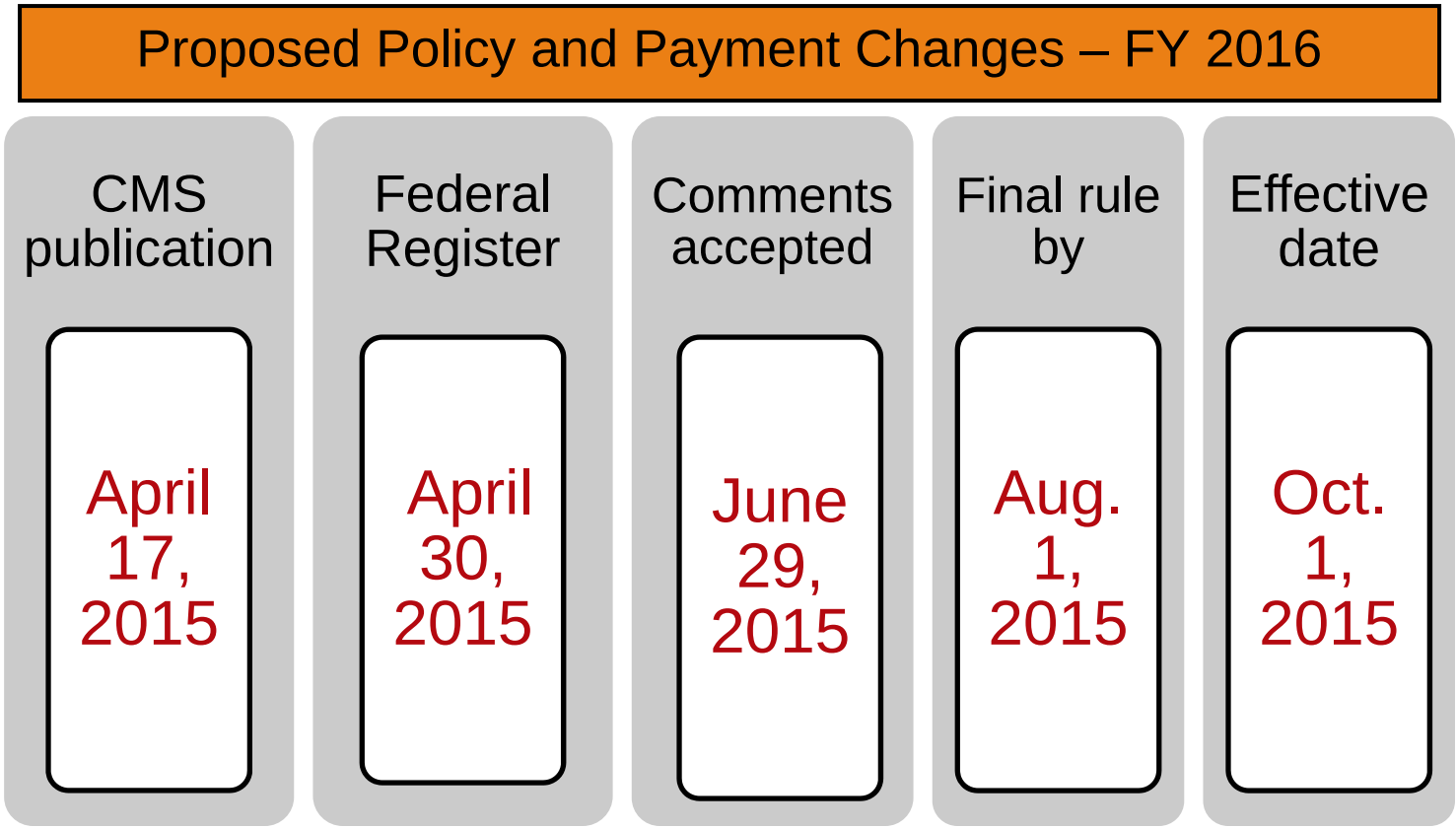
1. Protect Patient Health Information
2. Electronic Prescribing
3. Clinical Decision Support
4. Computerized Order Entry (CPOE)
5. Patient electronic access to health information
6. Coordination of care through patient engagement
7. Health information exchange
8. Public health and clinical data registry reporting

TABLE 2: STAGE OF MEANINGFUL USE CRITERIA BY FIRST YEAR

First Year as a Meaningful EHR User	Stage of Meaningful Use			
	2015	2016	2017	2018
2011	Modified Stage 2	Modified Stage 2	Modified Stage 2 Or Stage 3	Stage 3
2012	Modified Stage 2	Modified Stage 2	Modified Stage 2 Or Stage 3	Stage 3
2013	Modified Stage 2	Modified Stage 2	Modified Stage 2 Or Stage 3	Stage 3
2014	Modified Stage 2*	Modified Stage 2	Modified Stage 2 Or Stage 3	Stage 3
2015	Modified Stage 2*	Modified Stage 2	Modified Stage 2 Or Stage 3	Stage 3
2016	- NA -	Modified Stage 2	Modified Stage 2 Or Stage 3	Stage 3

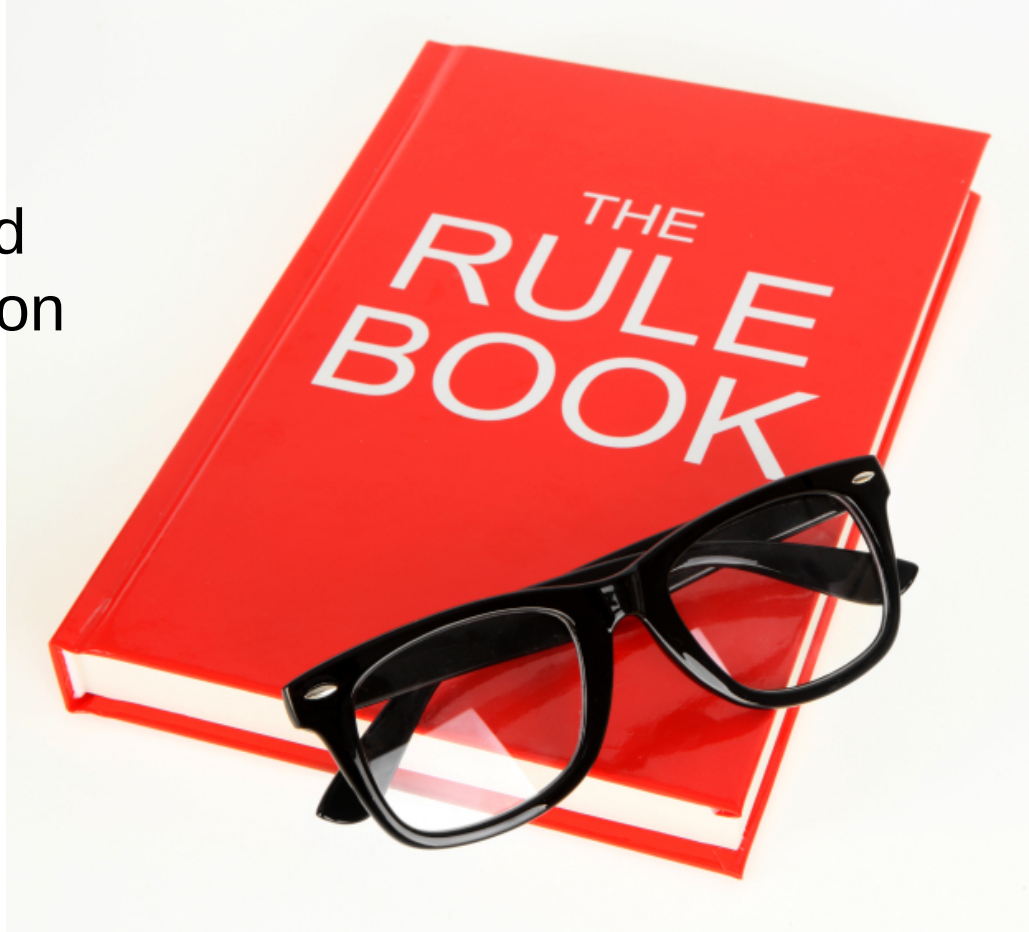
*The Modifications to Stage 2 proposed in this rule include alternate exclusions and specifications for certain objectives and measures for providers that were scheduled to demonstrate Stage 1 of meaningful use in 2015.

INPATIENT PROSPECTIVE PAYMENT SYSTEM (IPPS)



CMS'S TAKE:

- Shifts Medicare payments from volume to value
- Has measurable goals and timeline for paying based on quality
- Policies advance a healthcare system that:
  - delivers better care,
  - spends more wisely, and
  - results in healthier people



IPPS PROPOSED PAYMENT UPDATES

CMS says a 1.1% increase compared to FY 2015

• Initial market-basket update	2.7%
• Productivity cut	-0.6%
• Additional market-basket cut per ACA	-0.2%
• Documentation and coding adjustment	-0.8%
	1.1%

Operating payments will increase by only **0.3%** or about **$120 million** in FY 2016

IPPS OTHER PAYMENT ADJUSTMENTS

- Hospitals not participating in IQR: reduction of ¼ market basket update or -0.68% (*26 hospitals*)
- Hospitals not a meaningful user: reduction ½ market basket update or -1.35% (*153 hospitals*)
- Medicare DSH: reductions of **$1.3 billion**
- Hospitals in worst quartile for HAC: reduction of **-1.0%**
- Continued penalties for readmissions
- Continued bonuses and penalties for Hospital VBP

OTHER PAYMENT FACTORS

	FY 2015	FY 2016
• Proposed capital rate	$434.97	$438.40
• Outlier threshold	$24,626	$24,485

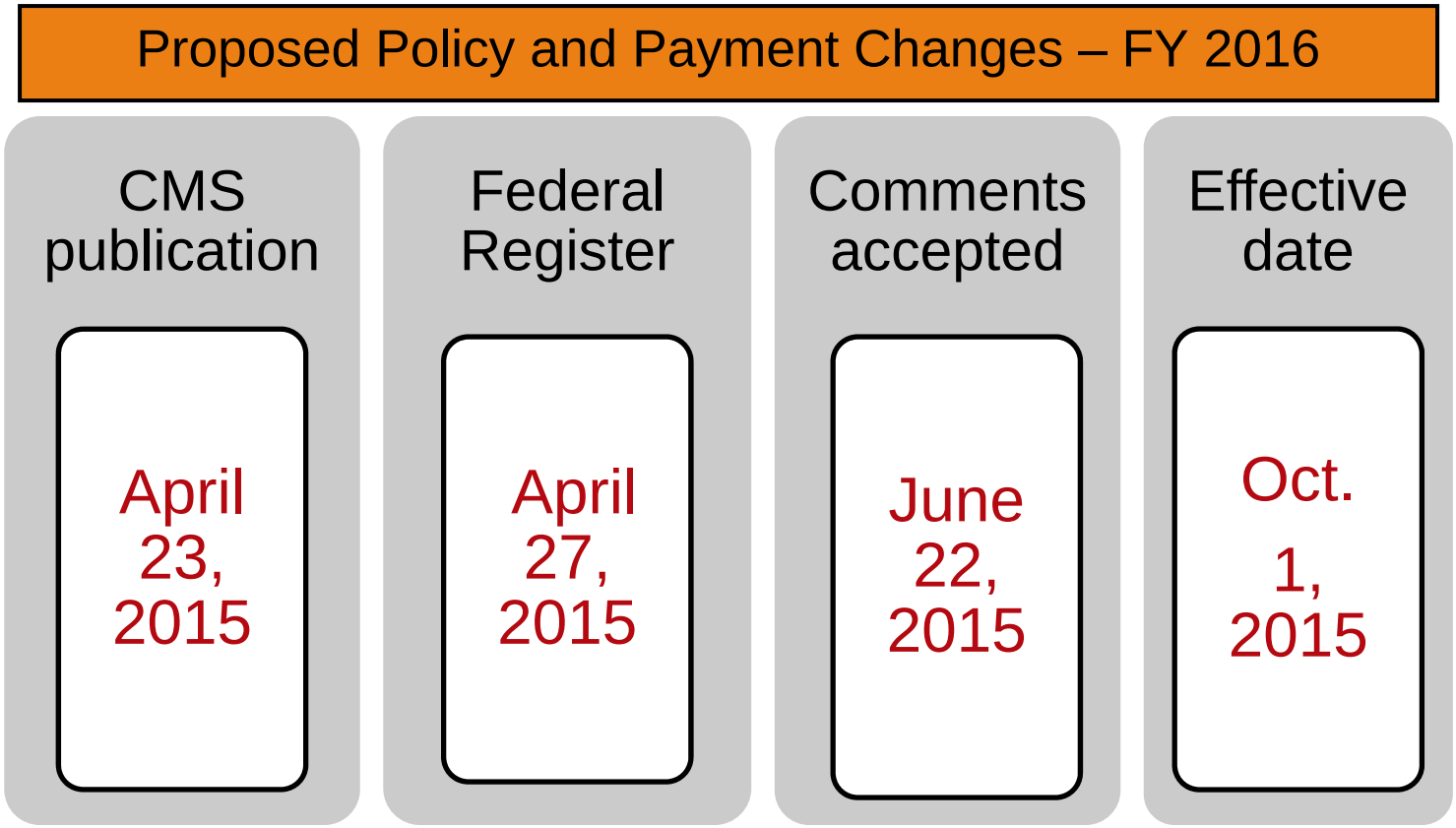
- Internet tables with adjustment factors for wage index, readmissions, value-based purchasing and DSH uncompensated care can be found on the CMS website under:
  - Medicare,
  - Acute Inpatient PPS,
  - FY 2016 IPPS Proposed Rule Home Page,
  - FY 2016 Proposed Rule Tables

MISSING FROM IPPS PROPOSED RULE

- Estimates related to Medicare Access and CHIP Reauthorization Act (MACRA) provisions to:
  - Extend additional payments for Medicare Dependent Hospitals
  - Extend additional payments for low-volume hospitals

- Two-midnight Rule
  - Not discussed in IPPS
  - Will be part of the OPPS (Outpatient Prospective Payment System) rule to be published in summer 2015

INPATIENT REHAB FACILITY (IRF)



IRF PROPOSED PAYMENT UPDATES

CMS says a 1.9% increase compared to FY 2015

• Revised IRF market-basket update	2.7%
• Productivity cut	-0.6%
• Additional market-basket cut per ACA	-0.2%
CMS proposed estimated increase factor	1.9%
• **AND**…updating outlier threshold	-0.2%
Resulting Overall Update	**1.7%**

Estimated increase of $130 million in payments relative to FY 2015

IRF POLICY UPDATES

Adopt

IRF-specific market basket

Phase in revised wage index changes

Revise and update quality measures & reporting requirements

IRF AREAS OF INTEREST

- IRF specific market-basket update based on FY 2012 data
- Facility-level adjustments frozen at FY 2014 levels
- Conversion to ICD-10 CM on October 1, 2015

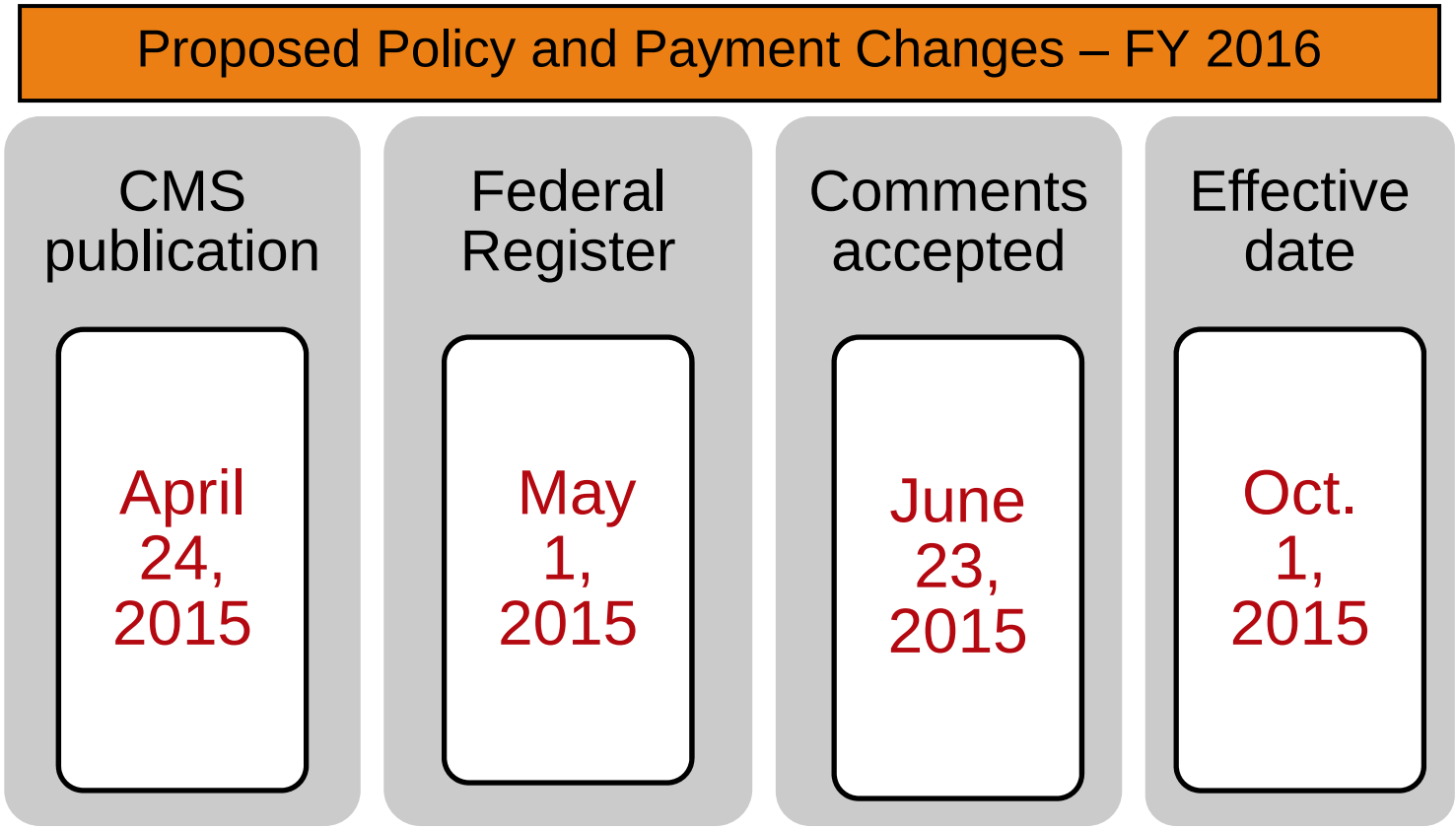
CHANGES TO IRF WAGE INDEX

To adopt the newest OMB Statistical Area delineations

- 1-year transition with 50/50 blended wage index current area & revised area

- 19 IRFs will change from rural to urban means loss of 14.9% rural adjustment, 3-year transition period

INPATIENT PSYCHIATRIC FACILITY (IPF)



IPF PROPOSED PAYMENT UPDATES

CMS says a 1.6% increase compared to FY 2015

• Revised IPF market-basket update	2.7%
• Productivity cut	-0.6%
• Additional market-basket cut per ACA	-0.2%
CMS's proposed estimated increase factor	1.9%
• **AND**…updating outlier fixed-dollar loss threshold	-0.3%
Resulting Overall Update	**1.6%**

Estimated increase of $80 million in payments relative to FY 2015

IPF AREAS OF INTEREST

- Stand-alone IPF specific market-basket update based on FY 2012 data

- Proposed Labor Related Share of IPF-specific market basket is 74.9%, increased from the FY 2015 LRS of 69.294%

CHANGES TO IPF WAGE INDEX

To adopt the newest OMB Core Based Statistical Area delineations

- 1-year transition with 50/50 blended wage index
- 37 IPFs will change from rural to urban, means loss of 17% rural adjustment, 3-year transition period

OTHER CHANGES

- Changes proposed to IPFQR reporting
- CMS proposing IPFs to report measure data as single, yearly count rather than by quarter and age

INTERESTED IN MORE?

We are always available for your questions

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