

News Currents

In Brief

Senate Plan Easier On Nursing Facilities

Medicare Cuts Are Half Of House Version

The health care reform plan drafted by Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee, and introduced in September, reflects progress for the nursing facility industry, which mounted a full-court grassroots campaign against the Medicare cuts included in the House of Representative's health care package.

The 220-page Baucus proposal would still direct a powerful blow to

Services (CMS), which has already been finalized through the regulatory process.

The Baucus plan would take another \$14.6 billion from nursing facilities in the form of a productivity adjustment.

By comparison, the House bill calls for \$32 billion in market basket, productivity, and other cuts—on top of CMS' \$12 billion projection error offset—for a total reduction of \$44 billion over 10 years.



A van tour sponsored by UHS-Pruitt, Norcross, Ga., holds a series of town hall meetings and pep rallies in nursing facilities to protest proposed Medicare cuts, according to Chris Downing, vice president of government relations. The tour was expected to generate more than 15,000 e-mails to legislators on Capitol Hill through the American Health Care Association Web site, which at press time had accrued more than 200,000 messages.

nursing facilities, reducing Medicare funds by a total of \$26.6 billion over 10 years. That amount includes a \$12 billion "projection error" cut by the Centers for Medicare & Medicaid

Bruce Yarwood, president and chief executive officer of the American Health Care Association (AHCA), called the Baucus plan "a step in the right direction in terms of protecting ➤

Sunwest Garners Approval For Chapter 11 Proceedings

Embattled Sunwest Management, Salem, Ore., has received approval by the U.S. District Court in Eugene to proceed with its plans to reorganize and restructure through the Chapter 11 process.

The plan, which entails the consolidation and transfer of Sunwest's properties to a newly created entity or to a buyer, will utilize Chapter 11 provisions to restructure its debt on more stable terms, a company statement said.

The court decision comes just two weeks after Sunwest struck a tentative deal with Blackstone Real Estate Advisors, New York, to sell up to 148 properties to Blackstone for a cash investment and assumption of secured debt.

If the sale is approved, it could occur as part of the Chapter 11 proceeding, with bankruptcy rules governing the sale process and the court reviewing and deciding upon terms.

Whether the Chapter 11 process ends with a sale or with the creation of a new operating structure will be determined on the basis of further negotiations among the parties and through court proceedings, Sunwest said.

If no sale of the core assets takes place, Sunwest will issue securities for distribution to approved claim holders through the bankruptcy.

A notable exception to the court's approval of the Sunwest reorganization plan was its deferment of a settlement that would enable former Sunwest Chief Executive Officer John Harder and "other Sunwest insiders" a chance to retain an ownership stake in the company once claimants received \$500 million in distributions.

—Meg LaPorte

hard-fought quality gains now benefiting patients,” adding that this “general approach should shape a final bill.”

Long term care leaders are “encouraged to be making progress on Capitol Hill and at the local level in explaining that 70 percent of facility operating expenses go directly to wages, benefits, and other labor costs,” AHCA said in a statement.

Other provisions of the Senate proposal include:

- A national voluntary pilot program on payment bundling, which starts in 2013;
- Nursing facility transparency provisions;
- Development of an independent Medicare commission that makes recommendations to Congress;
- Funding for a Medicaid Payment Advisory Commission;
- A two-year extension of the therapy caps exceptions process; and
- Development of a national workforce strategy.

The bill also would require the U.S. Department of Health and Human Services to submit a plan to Congress by 2011 related to home health providers, and 2012 related to skilled nursing facilities, outlining how to effectively move these providers into a value-based purchasing payment system.

Several of these provisions already exist in other pieces of legislation but have been rolled into the reform proposal.

“It feels good that we’re moving forward in the Senate, and I’m really pleased that so many provisions in the Senate Finance bill will improve health care and long term care for seniors,” said Senate Special Committee on Aging Chairman Herb Kohl (D-Wis.).

“I’m particularly hopeful that provisions which transform the Medicare system to pay for value over volume remain in the final health reform bill,” Kohl said.

—Lynn Wagner and Suzanne Struglinski

CMS Special Focus Methodology Criticized

The Centers for Medicare & Medicaid Services (CMS) should put more emphasis on the relative performance of nursing facilities nationally under its Special Focus Facilities (SFF) program rather than on a state-by-state basis, according to the Government Accountability Office (GAO).

GAO issued a report on the SFF program last month after using a revised methodology to identify “the worst homes in the nation.” GAO applied CMS’ SFF methodology on a nationwide basis using statistical scoring thresholds and other refinements.

The results, GAO said, yielded a list that averaged over 46 percent more serious deficiencies that caused harm

to residents and over 19 percent more deficiencies that placed residents at risk of death or serious injury, compared to the 755 SFF program candidates identified by CMS’ approach.

For example, the most poorly performing nursing facilities averaged about 56 such deficiencies and two revisits, compared to about 20 such deficiencies and less than one revisit for all other facilities, GAO said.

CMS should consider an alternative approach for allocating the 136 SFFs across states, since it “could result in some states having only one or not any SFFs and other states having more than they are currently allocated.”

—Meg LaPorte

Grandparents Day Brings Smiles



The Grandparents Day celebration, Sept. 13, at Jewish Home Lifecare’s Sarah Neuman Center, Mamaroneck, N.Y., drew more than 300 family members, friends, and guests. Many families had five generations on hand to honor grandparents who live at the 300-bed nursing facility and rehabilitation center.