

News Currents

In Brief

Nursing Facilities Get \$1 Billion Pay Cut

Industry Predicts Grim Consequences

The Centers for Medicare & Medicaid Services (CMS) has included a \$1.05 billion pay cut to Medicare payment rates for skilled nursing facilities in the final rule for fiscal year (FY) 2010 issued on July 31.

The reduction is coupled with a 2.2 percent, or \$690 million, market basket increase, also included in the final rule. While CMS points out that the raise will reduce payments by only \$360 million, or 1.1 percent lower than payments for FY 2009, the American Health Care Association (AHCA) calls the cuts “profoundly regrettable.”

“Finalizing this regulation will undoubtedly weaken the long term care workforce and threaten care quality,” said Bruce Yarwood, AHCA president and chief executive officer. “CMS’ final rule, which will reduce Medicare funding for skilled nursing care by \$1.05 billion in FY 2010 alone, seeks to correct for a so-called ‘projection error’ that the agency—not long term care providers—made in 2005 and is antithetical to the health system delivery reforms that America needs and seniors deserve.”

CMS says the cut is “an effort to rebalance an earlier adjustment to the case-mix indexes and better align Medicare payments with costs.”

“CMS is committed to providing high-quality care to those in skilled nursing facilities and to paying those facilities properly for that care,” Acting

CMS Administrator Charlene Frizzera said in a statement. “The adjustments to the payment rates for next year reflect that policy.”

But Yarwood points out that since 70 percent of nursing facility operating costs are labor-related, the cuts will affect jobs at long term care facilities, which will hurt the ability of nursing facilities to care for America’s seniors, sidetrack the ability to create good-paying health jobs, and undermine Medicare policies already in place that have made Medicare more efficient for patients and more accountable to taxpayers.



Yarwood

“This regulation also casts a new light on how we are looking at the additional nursing home cuts that Congress is proposing to help pay for health care reform,” Yarwood said. “We are alarmed by the magnitude of these cumulative cuts, which will be especially damaging to the care of America’s seniors as these reductions in Medicare funding must be viewed in the context of the growing number of states that are either freezing or reducing Medicaid funding for nursing facility care. In a bad economy, this is a poor decision at best.”

“Congress passed a stimulus bill a few months ago to encourage job growth, and in one fell swoop, a federal agency with the stroke of a pen cuts jobs,” Yarwood said. “It doesn’t make any sense.”

The final rule also establishes a re-

CMS Gives ICF/MR Surveyors New Guidance

Intermediate care facilities for individuals with developmental disabilities are now responsible for determining what capabilities their clients have when it comes to managing financial matters, according to new guidance from the Centers for Medicare & Medicaid Services (CMS).

In a recent memo to state survey agencies, CMS changed its longstanding rule that an intermediate care facility for people with mental retardation (ICF/MR) would be cited for a deficiency if every client did not have a formal money management training objective included in their individual program plans.

The new guidance instructs surveyors that the determination about a client’s formal money management program “is based upon the results of a comprehensive functional assessment [CFA] and a consensus by the interdisciplinary team [IDT].”

The memo stresses that the IDT must use the comprehensive functional assessment “to evaluate the ability of each client to participate in such a program.” The new guidance requires facilities to review each client’s CFA on an annual basis.

vised case-mix classification methodology for resource utilization groups—or RUG-IV—and includes information and an implementation schedule on the transition to the minimum data set 3.0.

As lawmakers return to Congress from the August recess, AHCA says the long term care community intends to explain in a tangible, informative manner why it is essential for Congress to recalculate the steep Medicare funding cut the CMS rule puts into effect.

—Suzanne Struglinski