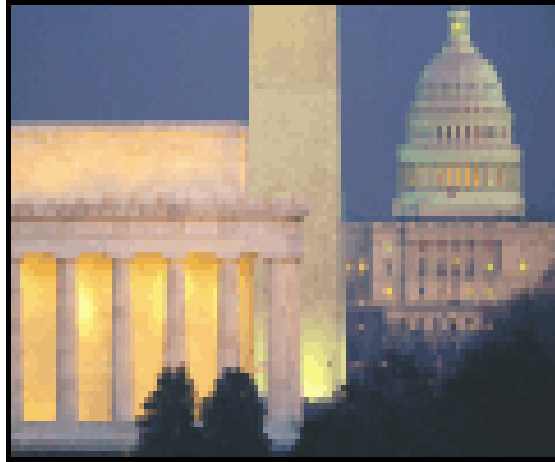
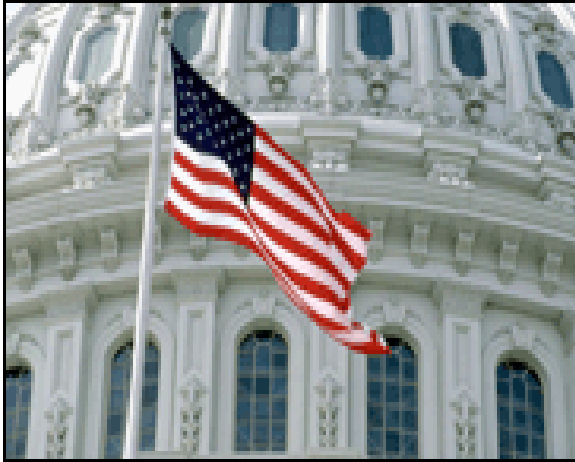


Policy Update



American Hospital Association RAC Summit November 13, 2014



RAC Burden



Part B Rebilling

- **Issue:** CMS's rebilling policy prevented hospitals from receiving payment after RACs denied inpatient admissions
- **AHA response:** *The American Hospital Association, et al., v. Sylvia Burwell*
 - CMS reversed course with Administrator's Ruling, new rebilling policy in FY 2014 IPPS final rule
 - Court dismissed case Sept. 17
 - One year timely filing limit addressed in two-midnight lawsuit

Two-midnight Policy

- **Issue:** RAC focus on inpatient admissions prompted CMS to create new time-based inpatient admission criteria
- **AHA response:** Challenge two-midnight policy while working to mitigate its impact on hospitals



Two-midnight Policy: Legal Challenges

- **Challenge to policy**
 - Two-midnight policy
 - Physician order requirement
 - One year timely filing requirement
- **Challenge to 0.2 percent reimbursement cut in FY 2014**



Two-midnight Policy:

Two Midnight Rule Delay Act of 2013 / Two Midnight Coordination and Improvement Act H.R. 3698 and S. 2082



**Rep. Gerlach
(R-PA)**



**Rep. Crowley
(D-NY)**



**Sen. Menendez
(D-NJ)**



**Sen. Fischer
(R-NE)**

Two-midnight Policy: Regulatory

- Three CMS delays (one legislative)
- Probe and Educate audits
- Change to physician certification requirement – CY 2015 OPPS
- Short stay payment policy



96-Hour Rule: Legislative

Critical Access Hospital Relief Act

113TH CONGRESS
2D SESSION

S. 2037

To amend title XVIII of the Social Security Act to remove the 96-hour physician certification requirement for inpatient critical access hospital services.

113TH CONGRESS
2D SESSION

H. R. 3991

To amend title XVIII of the Social Security Act to remove the 96-hour physician certification requirement for inpatient critical access hospital services.

AHA is working with concerned lawmakers to pass legislation that would **remove** the **96-hour** piece of the physician certification requirement as a **condition of payment**.

ALJ Hearings Backlog

- **Issue:** Inappropriate RAC denials have forced hospitals to pursue payment through the appeals system, contributing to a significant backlog of appeals
- **AHA response:** Push policymakers to address backlog and enact significant RAC reform

ALJ Hearings Backlog: Legal Challenge

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AMERICAN HOSPITAL ASSOCIATION
Liberty Place, Suite 700
325 Seventh Street, NW
Washington, D.C. 20004-2802

BAXTER REGIONAL HOSPITAL, INC. D/B/A/
BAXTER REGIONAL MEDICAL CENTER
624 Hospital Drive
Mountain Home, Arkansas 72653

COVENANT HEALTH
100 Fort Sanders West Boulevard
Knoxville, Tennessee 37922

RUTLAND HOSPITAL, INC. D/B/A RUTLAND
REGIONAL MEDICAL CENTER
160 Allen Street
Rutland, Vermont 05701

Plaintiffs,

v.

KATHLEEN SEBELIUS, in her official capacity as
SECRETARY OF HEALTH AND HUMAN
SERVICES
200 Independence Avenue, SW
Washington, DC 20201

Defendant.

Civil Action No. 14-cv-851

Issue: HHS is not complying with its statutory duty to decide ALJ appeals within 90 days of receipt

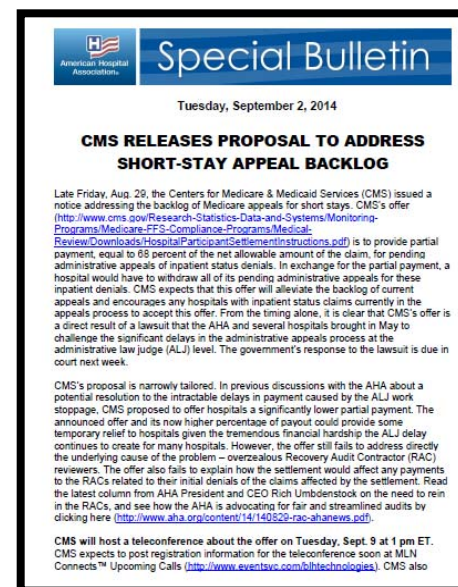
CMS Settlement Offer

- **Administrative agreement**

- Voluntary
- 68 percent of Medicare payable amount
- Eligible hospitals
 - Acute inpatient hospitals
 - Critical Access Hospitals

- **AHA concerns**

- Amount
- CMS parameters – ever changing
- Does not resolve issues that caused the backup



RAC Relief

- **Medicare Audit Improvement Act**
H.R. 1250 231 Representatives
S. 1012 — 16 Senators



Rep. Schiff
(D-CA)



Rep. Graves
(R-MO)



Sen. Pryor
(D-AR)



Sen. Blunt
(R-MO)

RAC Procurement Process

- Multi-year contracts ended Feb. 2014
- Pre-award challenge to new contracts in federal court
- After brief pause, RACs conducting limited audits under temporary extension

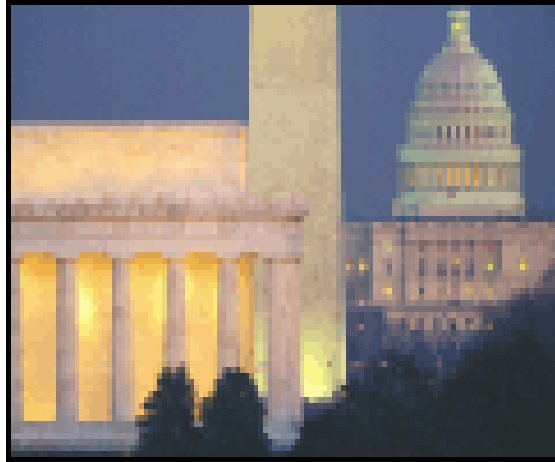
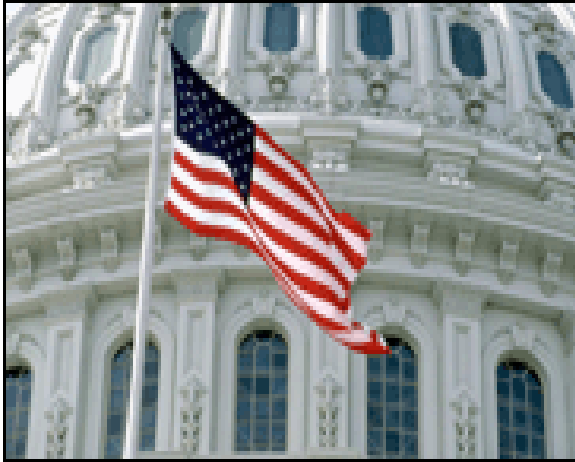


AHA RACTrac Survey

- Examining impact of rebilling policy, two-midnight enforcement delay, pause and ALJ backup
- Stay tuned:
 - Report on administrative burden
 - Survey on appeals settlement offer



Questions?



American Hospital Association RAC Summit November 13, 2014

