



Centers for Medicare and Medicaid Services; Hospital Inpatient Prospective Payment System (IPPS) Final Rule for 2012: Summary and Impact to ASHP

Prepared by ASHP's Government Affairs Division

The Centers for Medicare & Medicaid Services (CMS) has issued a final rule that will update Medicare payment policies and rates for hospitals in fiscal year (FY) 2012. The final rule updates payment policies and rates for acute care hospitals paid under the Inpatient Prospective Payment System (IPPS), as well as hospitals paid under the Long Term Care Hospital Prospective Payment System (LTCH PPS).

Below is a comparison of ASHP's comments to CMS on the Proposed Rule issued April 29, 2011 and the Agency's response to our recommendations.

Specifically, ASHP:

- Supported the proposed refinement of the use of value-based purchasing (VBP) tools to prevent certain hospital-acquired conditions including the adoption of five new ICD-9-CM diagnosis codes to be added to the existing healthcare acquired conditions (HACs)
- Strongly recommended that CMS include only those measures in the Hospital Inpatient Quality Reporting (IQR) Program that have been endorsed through the rigorous consensus-building process of NQF.
- Supported the alignment of the Hospital IQR Program measures with the EHR Incentive Programs' meaningful use criteria for objective/measure.
- Supported the retirement of the IQR measures no longer viewed as meaningful as they are considered "topped out." A measure is deemed "topped out" when there is uniformly high performance nationwide with little variability.

While not open for comment in the Proposed Rule, ASHP strongly advised that CMS reinstate funding through the Medicare GME program for specialized pharmacy residency programs that was eliminated in 2003.

In response to ASHP's comments, CMS will:

- Finalize the adoption of the five new ICD-9-CM diagnosis codes described above as CC/MCCs to be added to their respective HAC categories as proposed.
- Use NQF endorsed measures that the Agency is considering for the Hospital IQR Program to the extent possible. However, CMS may choose to specify measures that have been endorsed or adopted by another consensus organization should an NQF measure not exist.
- Continue to advance the Hospital IQR Program toward EHR-based reporting. The Agency anticipates that most hospitals will have the capability to report quality measures electronically by 2015 because of the upcoming payment adjustments for eligible hospitals that do not meet the criteria as meaningful users of certified HER technology.
- Retire "topped out" measures under the Hospital IQR Program to reduce burden on hospitals in terms of reporting. CMS agrees that the Agency should replace process measures with suitable outcome measures whenever possible.

The final rule, which applies to approximately 3,400 acute care hospitals and approximately 420 LTCHs, will be effective for discharges occurring on or after Oct. 1, 2011. CMS projects that total Medicare operating payments to acute care hospitals for inpatient services occurring in FY 2012 will increase by \$1.13 billion, or 1.1 percent, in FY 2012 compared with FY 2011. Medicare payments to LTCHs in FY 2012 are projected to increase by \$126 million or 2.5 percent in FY 2012 relative to FY 2011.

Impact on ASHP and its Members

- In addition to the Hospital IQR, the Affordable Care Act (ACA) mandated implementation of the Value Based Purchasing Program and a new Hospital Readmissions Reduction Program, under which payments to certain hospitals will be reduced to account for excess readmissions. These payment adjustments will apply to discharges on or after Oct. 1, 2012 (FY 2013). These measures cover three conditions: acute myocardial infarction (AMI), heart failure, and pneumonia. CMS plans to continue implementation of this program in future rulemaking.

Next Steps

- ASHP's Government Affairs Division will identify further issues in the Final Rule and discuss with CMS staff and ASHP members as appropriate.
- Members are encouraged to contact their Section Director or ASHP point-of-contact regarding direct and indirect effects of the Final Rule.
- A copy of the Final Rule can be found at http://www.ofr.gov/OFRUpload/OFRData/2011-19719_PI.pdf
- For general inquiries about this Final Rule or the Medicare program, please contact Christopher Topoleski, Director of Federal Regulatory Affairs at 301-664-8692 or via e-mail at ctopoleski@ashp.org.

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