

APRIL 10, 2013

## SEQUESTRATION CUTS IMPACT NURSING HOMES AND POST-ACUTE CARE PROVIDERS

In a transmittal issued on April 5, 2013, CMS provided guidance on survey activities that will be affected by the sequestration cuts. The transmittal provides guidance on several areas that will have an immediate and potentially negative effect on nursing homes and post-acute care providers. These changes will affect the survey process as conducted by the state survey agencies.

Some of the areas affected are as follows:

1. *Providers Who Do Not Accept Assignment of Medicare Provider Number:* If a new provider does not accept assignment of the former provider's provider number, there will be delays in conducting a survey where surveys are required. While surveys are not generally conducted if the new provider accepts assignment of the provider number, if the new provider does not accept assignment, they are treated as a brand new provider, and a survey is generally required. The new provider will not receive Medicare reimbursement until the survey is conducted and there are no deficiencies.
2. *Revisit Surveys:* The state survey agency must now receive permission from the CMS Regional Office before conducting a second revisit. For third and fourth revisits, the state survey agency must receive permission from the CMS Central Office before conducting a revisit. This could have a negative effect on nursing homes, hospice programs and home health agencies that oftentimes require more than one visit to attain compliance.
3. *Special Focus Facility Nursing Homes:* If a nursing home that has been designated as a special focus facility for more than 18 months does not show improvement, the state survey agency has been directed to conduct a "last chance" survey. If the nursing home does not pass this survey, a termination notice may be issued.
4. *Home Health Targeted Surveys:* CMS has notified the state survey agencies to discontinue all further Tier II targeted surveys of home health agencies. Tier II surveys are targeted at home health agencies having the lowest performance.
5. *Life Safety Code Surveys in Nursing Homes:* If a nursing home is fully sprinklered and has demonstrated a good compliance history with the federal life safety code requirements, a Short Form survey will be available for use by the state survey agencies subject to approval by CMS.

Should you have any questions, please contact:

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