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PROVIDERS SHOULD ANTICIPATE REIMBURSEMENT CHANGES IN DEBT CEILING AGREEMENT

While Congress was able to present the President with a compromised solution to cut Federal spending and raise the Government's debt ceiling earlier this month, all long-term care providers should anticipate future reimbursement changes. Under the current law, the Budget Control Act of 2011t , Medicare and Medicaid are unchanged. However, the Act requires for the creation of a Joint Select Committee on Deficit Reduction, whose members have until November 23rd of this year to find $1.5 trillion in spending cuts.

This amount is across all governmental services, and not exclusively focused on health care. Yet providers should expect a more restrictive reimbursement environment as a result of anticipated Committee actions.   The amount of spending cuts will not include the recent $3.87 billion in SNF PPS reimbursement cuts.

Should the Committee fail to find spending cuts, the Act will require a 2% spending cut across the board, including Medicare. Medicaid is exempt from this cut; however individual states might demand increased scrutiny on their Medicaid reimbursement and beneficiary eligibility. The Committee's recommendations are likely to address all facets of medical reimbursement. As the deadline approaches, more substantive details related to long-term care providers will be available.

Update: This *New York Times* article reiterates the pressure on the Committee to cut spending in light of the recent S&P credit rating downgrade.

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