

STUDY REPORTS SNF PROVIDERS FACE GRIM REIMBURSEMENT FUTURE

The Alliance for Quality Nursing Home Care (AQNHCC) released the results of a study conducted concerning the future of skilled nursing facility (SNF) reimbursement. While SNF providers have **recently seen their reimbursement rates improve**, the study report projects SNF providers are facing \$65 billion in reimbursement cuts over the next ten years.

The reimbursement cuts, the cumulative result of several different federal budgetary actions and regulatory changes, would, as stated by Alan Rosenbloom, President of the AQNHCC, bring "one of America's most important health sectors to the brink of operational viability." SNF providers, collectively the second largest health facility employer in the country, will have to make difficult decisions related to employee expenses and the impact on resident care. On average, nearly 70% of an SNF's expenses are tied to staffing.

The report breaks down the reimbursement cuts by source as follows:

Affordable Care Act (ACA) productivity adjustment (\$34 billion cut over 10 years; \$1.3 billion cut in 2013);

Case-Mix Adjustment in FY 2010 CMS Rule (\$16 billion regulatory funding reduction over 10 years; \$1.3 billion reduction in 2013);

Forecast Error Adjustment in FY 2011 CMS Rule (\$3 billion regulatory funding reduction over 10 years; \$240 million reduction in 2013);

Sequestration Provision of Budget Control Act (\$9 billion cut over 10 years; \$782 million cut in 2013); and

Bad Debt Provision in March 2012 Middle Class Tax Relief and Job Creation Act (\$3 billion cut over ten years; \$355 million cut 2013-14).

As three out of every four SNF residents are paid by either Medicare or Medicaid, and state Medicaid budgets are largely frozen or diminishing, such large cuts to Medicare reimbursement will have serious consequences for everyone involved. "The unintended consequences of these cuts and regulatory actions will affect access, quality, and require that care increasingly be rendered in settings that actually increase the cost to government. This zero-sum status quo is wrong for seniors, providers, taxpayers and the future of our entire U.S. health care system," Rosenbloom stated; "The growing threat to quality patient care due to staffing dislocation cannot be ignored."

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