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CMS Inpatient Reimbursement Rate Updates Proposed for 2019

On April 24, 2018, the *Centers for Medicare and Medicaid Services* (CMS) released their proposed rules for payment and policy updates for the Medicare *Inpatient Prospective Payment System* (IPPS) and the *Long-Term Care Hospital* (LTCH) *Prospective Payment System* (PPS) for *fiscal year* (FY) 2019.[1] The proposed rule includes an estimated 1.75% increase in operating payments to general acute care hospitals that successfully participate in the *Hospital Inpatient Quality Reporting* (IQR) *Program* and *electronic health record* (EHR) *Meaningful Use* program,[2] but a projected 0.1% decrease in LTCH PPS payments.[3] Both of these projected increases are less than last year's projections, in which operating payments were estimated to increase by 1.81%, and LTCH PPS payments were projected to decrease by approximately 4.2%.[4] Payments for uncompensated care to *disproportionate share hospitals* (DSH) are expected to increase by $1.5 billion from FY 2018, totaling $8.25 billion for FY 2019.[5] The goal of these proposed rules, according to CMS, is to promote "*greater price transparency, interoperability, and significant burden reduction [to providers]*."[6] In an attempt to achieve this goal, CMS has proposed changes to Medicare's *Meaningful Use* program, as well as several *value-based payment* (VBP) programs.[7] More detailed explanations of these proposed changes are described below.

Increasing Price Transparency

Under current law, hospitals are required to make their list of standard charges public.[8] For FY 2019, CMS is proposing to mandate the public reporting of standard hospital charges via the Internet, effectively increasing price transparency among consumers of healthcare services (i.e., patients).[9] CMS has proposed imposing penalties on hospitals that are not compliant with the requirement, as well as making information regarding hospital non-compliance public.[10] CMS is also seeking comments from the public regarding efforts to improve price transparency overall, given that many patients experience unforeseen hospital bills and the available chargemaster data is not user-friendly or accessible for all patients (e.g., out-of-network bills for physicians, facility fees, and physician fees for emergency room visits).[11]

Promoting Interoperability

In 2011, the Medicare and Medicaid EHR Incentive Programs were established to encourage eligible providers "to *adopt*, *implement*, *upgrade*, and *demonstrate* meaningful use of certified EHR technology (CEHRT)."[12] For FY 2019, CMS is re-naming the Meaningful Use program to "*Promoting Interoperability*" to better reflect their goal of improving the exchange of health data among EHR systems.[13] Further, CMS is considering implementing a new scoring methodology for *electronic clinical quality measures* (CQMs), including the addition of new measures such as those related to the e-prescribing of opioids.[14] Eligible providers will be required to report at least four self-selected CQMs for a period of at least one quarter of 2019.[15]

Decreasing Provider Burden

In an attempt to lessen provider burden and encourage meaningful reporting, CMS is proposing to reduce the number of measures that acute care hospitals are required to report across five quality and VBP programs:

(1) The Hospital IQR Program;
(2) The Hospital VBP Program;
(3) The *Hospital-Acquired Conditions* (HAC) Reduction Program;
(4) The *Hospital Readmissions Reduction Program* (HRRP); and,
(5) The *PPS-Exempt Cancer Hospital Quality Reporting* (PCHQR) Program.[16]

Measures that show consistently high performance, are duplicative, or are excessively burdensome to providers are being considered for removal.[17] Overall, the proposal removes 18 measures, de-duplicates 21 measures found in one of the other four hospital quality programs, and adds one claims-based readmissions measure.[18] Additionally, the rule proposes implementing measures that would reduce the time that hospitals spend on required paperwork by approximately two million hours.[19]

Through greater price transparency, interoperability, and provider burden reduction, CMS hopes to create a "*patient-centered healthcare system*" in which patients are more informed and proactive healthcare consumers.[20] CMS also expects that these policies will allow hospitals to operate with greater flexibility and increase the time providers can spend with patients, ultimately benefitting the provider-patient relationship.[21] Overall, it is projected that Medicare spending on inpatient hospital services for FY 2019 will increase by $4 billion, in part due to capital payments, uncompensated care payments, and payment adjustments related to several Medicare VBP programs.[22]

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This increase in spending is offset by the $5 million in savings resulting from the estimated decrease in LTCH PPS payments.[23] Comments related to the proposed rule were due June 25, 2018. The American Hospital Association (AHA) has released a summary of their submitted comments to the proposed rule, which contained comments regarding almost every aspect of the proposed rule. The AHA is generally in favor of the proposed measures, and specifically noted its support related to CMS's use of the "*Meaningful Measures*" framework to reduce unnecessary data collection and prioritize hospital initiatives to improve care.[24] Hospitals have been largely supportive of this proposed rule based generally on "*fewer quality measures, a shorter reporting period for Meaningful Use requirements and an increase in uncompensated rate payments*."[25]

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1 "Fiscal Year (FY) 2019 Medicare Hospital Inpatient Prospective Payment System (IPPS) and Long Term Acute Care Hospital (LTCH) Prospective Payment System Proposed Rule, and Request for Information" Centers for Medicare & Medicaid Services, Press Release, April 24, 2018, https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2018-Fact-sheets-items/2018-04-24.html (Accessed 6/8/18).

2 "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Proposed Policy Changes and Fiscal Year 2019 Rates; Proposed Quality Reporting Requirements for Specific Providers; Proposed Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs (Promoting Interoperability Programs) Requirements for Eligible Hospitals, Critical Access Hospitals, and Eligible Professionals; Medicare Cost Reporting Requirements; and Physician Certification and Recertification of Claims" Federal Register Vol. 83, No. 88 (May 7, 2018) p. 20391;CMS, April 24, 2018.

3 Federal Register, May 7, 2018, p. 20629; CMS, April 24, 2018.

4 Federal Register, May 7, 2018; "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long- Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year 2018 Rates; Quality Reporting Requirements for Specific Providers Medicare and Medicaid Electronic Health Record (EHR) Incentive Program Requirements for Eligible Hospitals, Critical Access Hospitals, and Eligible Professionals; Provider-Based Status of Indian Health Service and Tribal Facilities and Organizations; Costs Reporting and Provider Requirements; Agreement Termination Notices" Federal Register Vol. 82, No. 155 (August 14, 2017) p. 38575.

5 Federal Register, May 7, 2018, p. 20617; CMS, April 24, 2018.

6 *Ibid.*

7 Federal Register, May 7, 2018, p. 20404; CMS, April 24, 2018.

8 Federal Register, May 7, 2018, p. 20549; CMS, April 24, 2018.

9 Federal Register, May 7, 2018, p. 20548; CMS, April 24, 2018.

10 Federal Register, May 7, 2018, p. 20549; CMS, April 24, 2018.

11 *Ibid.*

12 CMS, April 24, 2018.

13 Federal Register, May 7, 2018, p. 20470; CMS, April 24, 2018.

14 Federal Register, May 7, 2018, p. 20520; CMS, April 24, 2018.

15 Federal Register, May 7, 2018, p. 20539-20540; CMS, April 24, 2018.

16 Federal Register, May 7, 2018, p. 20404, 20500-20501; CMS, April 24, 2018.

17 CMS, April 24, 2018.

18 *Ibid.*

19 Federal Register, May 7, 2018, p. 20167; CMS, April 24, 2018.

20 CMS, April 24, 2018

21 *Ibid.*

22 *Ibid.*

23 Federal Register, May 7, 2018, p. 20629; CMS, April 24, 2018.

24 "Re: CMS–1694–P, Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Proposed Policy Changes and Fiscal Year 2019 Rates; Proposed Quality Reporting Requirements for Specific Providers; Proposed Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs (Promoting Interoperability Programs) Requirements for Eligible Hospitals, Critical Access Hospitals, and Eligible Professionals; Medicare Cost Reporting Requirements; and Physician Certification and Recertification of Claims; Proposed Rule (Vol. 83, No. 88), May 7, 2018." By Thomas Nickels, American Hospital Association, Letter to Seema Verma, Centers for Medicare and Medicaid Services (June 25, 2018), https://www.aha.org/system/files/2018-06/180625-ipps-proposed-rule-fy2019.pdf (Accessed 6/26/18), p. 2.

25 "Hospitals largely supportive of 2019 IPPS proposed rule" By John Gregory, HealthExec, 2018, https://www.healthexec.com/topics/policy/hospitals-largely-supportive-2019-ipps-proposed-rule (Accessed 6/26/18).

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