

Wisconsin Association of Homes and Services for the Aging, Inc.

204 South Hamilton Street • Madison, WI 53703 • 608-255-7060 • FAX 608-255-7064 •
www.wahsa.org.

ATTENTION: SKILLED NURSING FACILITIES

CMS Seeks to Punish Nursing Homes

In a move that can only be labeled irresponsibly punitive, the federal Centers for Medicare and Medicaid Services (CMS) announced late Friday that it intends to slash nursing facility Medicare rates by 11.1%, effective October 1, 2011. The CMS announcement can be accessed at:
www.CMSslashesMedicareRates.gov

Incredulously, the CMS announcement states: "CMS is committed to providing high quality care to those in skilled nursing facilities and to pay those facilities properly for that care," said CMS Administrator Donald M. Berwick, M.D. "The adjustments to the payment rates for next year reflect that policy."

Imagine what this agency might have done if they really intended to harm our caregivers and residents!

LeadingAge's President/CEO Larry Minnix memo to the members on this subject is copied below. Larry and his team in Washington DC are strategizing with the state associations on our next steps to counter CMS' intent to cut rates.

The battles lines have been drawn and the intensity of the fight will be heighten as we also confront pending Medicare and Medicaid cuts that may be triggered by congressional actions to resolve the debt ceiling crisis.

Please know that LeadingAge and WAHSA will continue to make our voices heard in Washington DC as we fight on your behalf. Your associations also will be calling on the members to engage in high-profile advocacy efforts.

Your staff and residents deserve nothing less than our collective best efforts.

Sincerely,

John Sauer

Executive Director





expanding the world of
possibilities for aging



Larry Letter

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Medicare Rate Cuts: Shocking, Unfair and Punitive

On July 29, the Centers for Medicare and Medicaid Services (CMS) [chose to implement an 11.1% percent across-the-board rate cut for skilled nursing facilities](#) effective October 1.

We believe this decision is grossly unfair to providers who care for complex, post-acute-care Medicare beneficiaries, especially the not-for-profit sector. The across-the-board approach arbitrarily punishes nursing homes that care for most difficult patients.

Our objection is compounded by the fact that the formulas CMS used to arrive at the percentage and the across-the-board approach are significantly flawed. This decision is especially shocking given our association's work to show CMS officials, through detailed analysis, the errors in their calculations and why the 11.1% cut was not justified.

We understand that part of CMS' justification is based on some remaining post-acute therapy loopholes that needed to be closed so that post-acute therapy did not become a scheme for some providers to be paid for services not rendered.

LeadingAge Alternative to 11.1% Cut

Our staff experts offered CMS officials alternative solutions to what CMS perceived as abuse of therapy. This analysis was based on weeks of intense discussions with CMS analysts and other provider groups to unravel the problems with the proposed rule. This information was also shared with experts from the Medicare Payment Advisory Commission and the head of Medicare.

Our strategy was to:

- Support closing post-acute therapy loopholes
- Encourage CMS to correct their formulas
- Recalculate any overpayments or underpayments to providers who are playing by the rules.

This would have resulted in a self-correction of the system in a year, so that complex care would have been minimally affected.

We also advocated against this proposal on Capitol Hill. We hand-delivered letters to every member of the U.S. House of Representatives and the U.S. Senate with information from hundreds of members about inappropriate losses their organizations would experience under the unfair proposed rule.

Thousands of you, your residents and staff members also sent letters to legislators showing what the proposed rule would mean to your organizations.

Simply put, our fight is not over yet. We are pursuing all options to address this situation. We will need your help to do that. This will include intensive information collection from you and even more intensive advocacy with your members of Congress and the media. A legal strategy, though difficult, also is a possibility.

The dark irony of this capricious decision is that in the course of slashing dollars, those who promulgated this approach seem to have little understanding of its effects on Medicare beneficiaries, care staff and providers who already have negative margins because they take care of more complex, and therefore more expensive, cases in combination with Medicaid cuts. The truth is that there are providers who will exit the post-acute program or refuse access to good programs for these individuals.

Effect of CMS 11.1% Cut on Staffing

In addition, apparently no regard has been given to the biggest expense area in all of the nursing home sector: staffing. Estimates are that tens of thousands of care staff could lose their jobs in order to balance this kind of a deep cut. And, it is not out of the question that there are nursing homes or nursing home units that will have to close because of the economic tough times.

And last, but certainly not least, there has been no apparent thought on the effect of these kinds of cuts on the successful, multi-year, nursing home quality agenda that providers, consumers and CMS support. The math is simple. Dollars invested in staffing result in better quality. We can back that assertion, too.

This situation, though separate from the debt-ceiling plans on the table in Washington, will create a new era of difficulty that is unprecedented in my nearly 40 years of experience with these programs. Once we analyze the deficit and debt-ceiling plans in combination with these Medicare cuts and Medicaid proposals in many states, we must create 2 major strategic highways for the nursing home sector:

1. **Strategic planning options to assure mission viability for our members for the future.**
These options will be difficult to create, and will require the best creative thinking in our field.
2. **The most intensive advocacy work we have ever done.** Excellent nursing home care in America has been punished and ignored with the same degree of neglect as those small percentage of providers who done it poorly or gamed the system over the years. It is time for the “good guys” to stand up and be counted if America wants excellent nursing home care.

We will be in with more information and an announcement of call-in forums to make sure that all of our members understand the situation and for us to understand the issues you face more precisely. There has never been a more important time for all of us to stay tuned and get involved.



Larry Minnix
LeadingAge President and CEO

P.S.: I love hearing your feedback. The best way to offer your thoughts is to leave a comment on the [version of this letter that is posted online](#). I look forward to reading what you have to say!
