Florida Health Care Association
2013 Annual Conference

The Westin Diplomat Resort & Spa

Session #19 – Keynote: AHCA National Update - What's on the Horizon for LTC

Tuesday, August 6 – 9:30 to 10:30 a.m.

Grand Ballroom West

Upon completion of this presentation, the learner will be able to:

- delineate AHCA/NCAL’s activities, quality initiatives and advocacy efforts;
- analyze recent updates regarding legislative and regulatory changes now in effect, along with any pending bills or rules;
- summarize how the political landscape is impacting pending and future legislation or regulatory changes; and
- outline what the Association sees on the horizon and efforts to advance AHCA/NCAL’s quality agenda.

Seminar Description:

From the customer base increasing to budget challenges and changing payment models, Neil Pruitt, Jr., Chair of American Health Care Association, will discuss what is on the horizon for the long term and post-acute care profession. Mr. Pruitt will share AHCA/NCAL’s efforts to advance the Quality Initiative and give insights on how you can succeed in continuous quality improvement. He will also address the political landscape impacting pending and future legislation and the proactive measures AHCA is taking on behalf of long term care professionals.

Presenter Bio(s):

Neil Pruitt, Jr., serves as the Chair of the Board of Governors for the American Health Care Association. He is also the Chairman and Chief Executive Officer of UHS-Pruitt, a leader in the provision of post-acute and senior living services, where he is responsible for establishing strategic direction for the company and fostering an environment focused on the delivery of quality health care. Neil is a recognized leader in the health care profession and is a Board member of the United Hospice Foundation, Regent for the University System of Georgia and a Past Chair of the Georgia Healthcare Association where he currently serves as a Board member. He graduated with a Bachelor of Arts in Economics from the University of the South and was awarded a Masters of Business Administration and a Masters of Health Administration from Georgia State University.
FHCA 2013 Annual Conference & Trade Show

Neil Pruitt, Jr., Board Chair
American Health Care Association

AHCA

AHCA/NCAL’s Growing Membership
Unifying the Sector

- Resolution to longstanding AHCA/NCAL membership issue
  - HCR ManorCare and Medical Facilities of America rejoining AHCA/NCAL
- Alliance for Quality Nursing Home Care moving into AHCA’s Council for Post-Acute Care
- More resources for national advocacy on issues critical to our profession

AHCA National Priorities

1. We must be the cost and quality solution.

Changing Payment Models

Current Approximate SNF Payer Mix

- Fee for service (FFS)
- Managed Care

The Next 10 Years

Potential Future SNF Payer Mix

- FFS
- Managed Care
- ACOs, bundle holders
- Hospitals
- Retail systems
- Other PAC providers

Graphic courtesy of Avalere Health LLC
Quality is Key

- Quality will be connected to reimbursement in the future.
- We will continue to improve quality because it is the right thing to do.
- In the future, we must improve quality to survive.

Example: CMS' Hospital Readmission Reduction Program

- Hospitals are ranked based on 30-day readmission rate for top 3 diagnoses causing the majority of readmissions:
  1. heart attack
  2. heart failure
  3. pneumonia
- Hospitals in bottom quartile (nationally) from the prior year will have a % of total Medicare payments withheld:
  - 2013: up to 1%
  - 2014: up to 2%
  - 2015: up to 3%

Source: Sections 1151 and 3025 of the PPACA

What does this mean?

- Less days with better results will be rewarded.
- Long stays with bad results will be punished.
- Quality, not shortcuts, will prevail.
How Are We Doing?

Metrics are Important
✓ 4 and 5-Star centers have increased to a combined 43%
  ▪ 1 and 2-Star centers have correspondingly decreased
✓ Customer satisfaction remains high
  ▪ 89% for long-stay residents
  ▪ 87% for families
  ▪ 87% for short-stay patients

What is the AHCA Response?
✓ Creation of the Quality Department
✓ AHCA/NCAL Quality Initiative
✓ AHCA/NCAL National Quality Award Program
✓ LTC Trend TrackerSM

[QualityInitiative.ahcancal.org]
Our Quality Initiative Progress

**Hospital Readmission**
- Nation: 2.2% reduction to 17.8%
- AHCA Members: 1.6% reduction to 17.9%

**Antipsychotics**
- Nation: 5.9% reduction to 22.2%
- AHCA Members: 6.7% reduction to 22.2%

**Staff Stability**
- AHCA 2012 Staffing Survey being analyzed

**Customer Satisfaction**
- Collecting data from various vendors

* at the end of 2012

Florida’s Progress

**Hospital Readmissions**
- 19.5% overall rate
  - Higher than national average: 17.8%
  - Statewide: 2.5% reduction
  - FHCA Members: 3.5% reduction
  - 101 facilities met the 3-year, 15% reduction goal

**Antipsychotics**
- 23.5% overall rate
  - Higher than national average: 22.2%
  - Statewide: 3.7% reduction
  - FHCA Members: 4.9% reduction
  - 132 facilities met 1-year, 15% reduction goal

AHCA/NCAL National Quality Award Program

- 22% of AHCA/NCAL members have received a National Quality Award
  - 2,380 Bronze
  - 223 Silver
  - 13 Gold

- Silver or Gold recipients are more likely to have fewer survey deficiencies and higher satisfaction scores

<table>
<thead>
<tr>
<th>of 4 and 5-Star Facilities</th>
<th>71%</th>
<th>43%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver &amp; Gold</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>All Facilities</td>
<td></td>
<td>43%</td>
</tr>
</tbody>
</table>
LTC Trend Tracker™
A FREE online tool for AHCA Members

- Ability to benchmark your quality, clinical and financial data
- Includes data for all MCR SNFs in US
- Use the facility data to assist telling your story to the hospitals or referral sources.

www.ltctrendtracker.com

What You Can Do

- Get involved with our quality efforts.
  - AHCA/NCAL Quality Initiative
    - http://QualityInitiative.ahcancal.org
  - AHCA/NCAL Quality Award Program
    - http://qa.ahcancal.org
  - LTC Trend Tracker
    - www.ltctrendtracker.com
  - Advancing Excellence
    - www.nhqualitycampaign.org

AHCA National Priorities

2. We must be a political powerhouse.
Advocacy

✓ AHCA continues to become a political powerhouse through:
  • Ongoing, significant political activity with key Members of Congress
  • Strengthening internal and external lobbying team
  • Leveraging our broad-based members and coalitions to deliver our message

AHCA Grassroots

✓ 63,410 activists nationwide
✓ In 2012
  • 64,000+ letters sent to the Hill
  • 205 facility tours
  • 135 “Advocacy-in-a-Box” toolkits

AHCA PAC

✓ 2nd largest PAC in the hospital/nursing home sector
✓ 7th largest among trade group PACs
✓ 2013 Goals
  • Hard dollars: $1 million
  • Soft dollars: $1.2 million
  • Events: 135 political events
2013... So Far

✓ Fiscal Cliff deal
  ▪ Sequestration delayed 2 months, implemented April 1
    ◦ 2% Medicare cut to providers
  ▪ Doc Fix: SNFs not a pay-for
  ▪ Repeal of the CLASS Act/creation of Long Term Care Commission
    ◦ AHCA Board Chair a member
✓ SNF FFS proposed rule
  ▪ 1.4% increase - $500 million
✓ Marilyn Tavenner confirmed as CMS Administrator

Observation Stays

✓ Getting observation stays to count towards the three-day stay
✓ Created a multi-disciplinary team at AHCA
  ▪ developing a plan and working with our lobbyists to push to
    both CMS and on the Hill
✓ Bipartisan legislation introduced in March: The Improving Access
  to Medicare Coverage Act
  ▪ lead sponsor, Sen. Sherrod Brown (D-OH)
  ▪ sponsored in the House by Reps. Tom Latham (R-IA) and Joe
    Courtney (D-CT)

AHCA Supports
Immigration Reform

✓ W Visa Program included in Gang of Eight legislation
  which AHCA supports
✓ AHCA outlined principles of immigration reform
✓ Only group to testify before both House & Senate in 2013
  ▪ Fred Benjamin, Chair of Kansas HCA and COO of
    Medicalodges testified before:
      ◦ House Subcommittee On Workforce Protections
      ◦ Senate Judiciary Committee
The Good News with the Budget

✓ Health care costs have slowed
  • not all because of the recession
✓ Budget deficit has decreased
  • CBO reduced this year’s deficit by $203 billion from Feb to May to $642 billion
  • decrease anticipated to continue through 2015
✓ Government has stumbled into $4 trillion in savings
  • Budget acts, Fiscal Cliff, sequester, interest savings

There are Still Risks

✓ Debt ceiling
  • Stretched until at least Labor Day
  • Congressional agreement could be tied to spending cuts
✓ Doc fix
  • Permanent - $139 billion
  • One-Year - $18 billion + $5 billion other extenders
  • SNFs could be used as a pay-for
    o Bad debt
    o Margins

Bad Debt

✓ President’s proposed budget included a reduction to bad debt reimbursement to 25%
✓ Florida would be THE hardest hit state
  • $129.4 million loss in 1 year
AHCA’s Plan

✓ Develop Champions in Congress
✓ Fundraisers
✓ Empower and Multiply Our Messengers
  • Including continuing coalition building
✓ Offering Alternative Pay-Fors
  • Ex: hospital readmissions proposal

Our Message

✓ We are the cost and quality solution.
✓ We’ve been cut too much.
✓ SNFs have a major economic impact in every Congressional district.

What You Can Do

✓ Get involved with our advocacy efforts.
  • Sign up for our grassroots efforts: www.ahcancal.org/advocacy
  • Participate in our letter writing campaign
  • Get involved with your Member of Congress
Additional Priorities

Therapy Group

- The AHCA Board of Governors has directed AHCA to take a major role in defending therapy.
- The practice and reimbursement of therapy is under attack from CMS, DOJ, OIG, MedPAC, the media and the Hill.
- AHCA is currently developing a plan for the new Therapy Group to take to the Board.

Affordable Care Act Implementation

- Developed an internal AHCA team to provide members with tools and information to comply and implement all requirements the profession is facing.
- Offering periodic webinars on various aspects of ACA.

www.ahcancal.org/facility_operations/affordablecareact
AHCA/NCAL Insurance Solutions

✓ Will provide members with ACA-compliant insurance solutions for:
  • fully insured and self-insured groups
  • other competitive insurance products, including Stop-Loss
✓ **FREE** member service: a comprehensive analysis required of all employers to achieve compliance under the ACA

www.ahcabenefits.com

AHCA National Priorities

1. We must be the cost and quality solution.
2. We must be a political powerhouse.

www.ahcancal.org