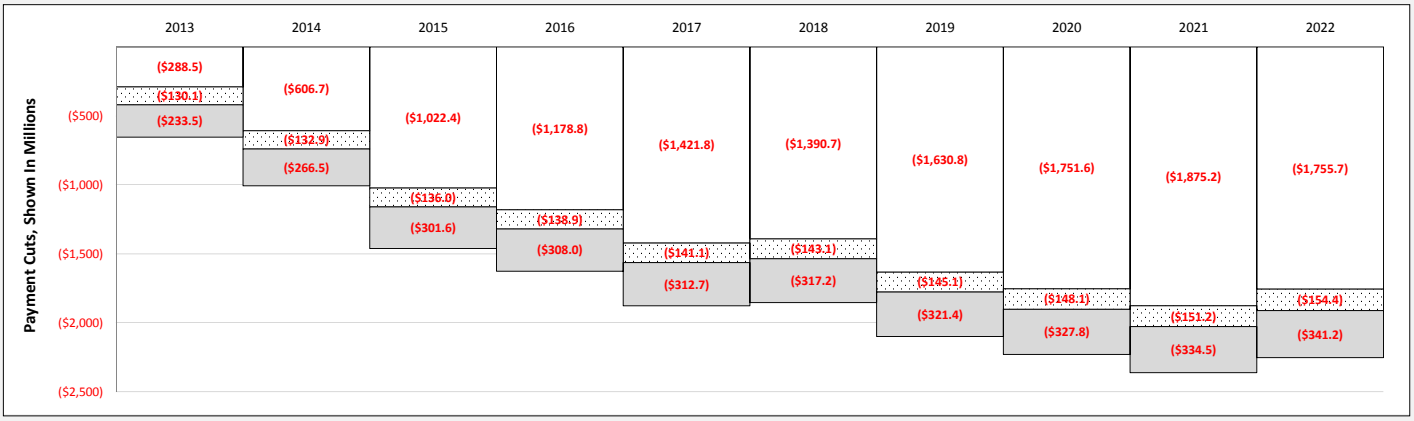
Impact of Existing Medicare Provider Payment Cuts and Additional Cuts Under Consideration

Florida



Existing Legislative Medicare Cuts [1]

Ten-Year Impact (2013-2022)

ACA Cuts (all provider settings)	($10,104,478,300)
Sequestration Cuts (all provider settings)	($2,016,836,700)
Bad Debt Payment Cuts (all provider settings)	($86,606,600)
Coding Adjustment Cuts (inpatient hospital) and Radiosurgery Payment Cut (outpatient hospital)	($714,288,900)

Existing Regulatory Medicare Cuts [2]

Ten-Year Impact (2013-2022)

Coding Adjustment Cuts (inpatient/home health)	($1,420,942,600)
Total Impact of Existing Cuts	***($14,343,153,100)***

Existing Cuts as a Percent of Total Medicare FFS Revenue * (10-year summary value)	**-11.3%**

Additional Medicare Cuts Under Consideration [3]

Ten-Year Impact (2013-2022)

Outpatient E/M Cuts (outpatient hospital)	($523,292,000)
Indirect Medical Education Cuts (inpatient hospital)	($1,222,106,400)
Direct Medical Education Cuts (inpatient hospital)	($213,968,500)
Bad Debt Payment Cuts (all provider settings)	($910,131,400)
SCH Program Elimination (inpatient hospital)	($187,790,000)
CAH Payment Cuts (inpatient/outpatient hospital)	($6,954,000)
Total Impact of Cuts Under Consideration	***($3,064,242,300)***

Notes:

(1) Existing Legislative Medicare Cuts Include:

- ACA Cuts: The impact shown reflects the Affordable Care Act (ACA) of 2010-authorized hospital/health system payment cuts and include: update factor cuts (all-provider settings); payment cuts and changes related to the mandatory quality-based payment reforms of value-based purchasing, the readmissions reduction program, and the hospital-acquired conditions payment policy (inpatient hospitals); and Medicare Disproportionate Share Hospital (DSH) payment cuts (inpatient hospitals). The impact shown does not capture ACA update factor cuts implemented prior to 2013 that carry forward additional negative impacts in the budget window analyzed.
- Sequestration Cuts: The impact shown reflects the Budget Control Act (BCA) of 2011-authorized 2.0% sequester reduction on total Medicare payments for a 9-year period (2013-2021 - the two-month delay in sequestration cuts legislated under the ATRA is accounted for in this analysis). CMS has not released guidance on how sequestration will be implemented. It is believed that the 2.0% adjustment will be applied to all Medicare lines of payment, including those outside of the PPS rate and not included in this impact estimate, i.e., Direct Graduate Medical Education. Payments to Medicare Advantage plans will also be reduced, but the potential effect on providers will depend on the terms of each individual contract.
- Bad Debt Payment Cuts: The impact shown reflects the Middle Class Tax Relief and Job Creation Act of 2012-authorized reduction to Medicare payments for reimbursable bad debts for all provider settings to 65%.
- Coding Adjustment Cuts and Radiosurgery Payment Cut: The impact shown reflects the American Taxpayer Relief (ATRA) of 2012-authorized retrospective (one-time) coding adjustment cuts totaling at least -9.7% that CMS must implement over a 4-year period (FFY 2014-2017). The impact of the ATRA provision that reduces the outpatient payment amount for certain stereotactic radiosurgery services beginning April 1, 2013 and thereafter is also shown.

(2) Existing Regulatory Medicare Cuts Include:

- Coding Adjustment Cuts: The impact shown reflects the CMS-imposed prospective (permanent) coding adjustment cuts of 1.9% (0.5% for hospitals paid at the hospital-specific rate) in 2013 (inpatient hospitals) and a 1.32% in 2013 (home health providers). The impact shown does not capture CMS coding adjustment cuts implemented prior to 2013 that carry forward additional negative impacts in the budget window analyzed.

(3) Additional Medicare Cuts Under Consideration Include:

- Outpatient E/M Cuts (source: H.R. 3630): The impact shown reflects the U.S. House-approved policy from 2011 to cap payment to hospitals for outpatient evaluation and management (E/M) services at the payment level provided to physicians under the Medicare physician fee schedule. Due to data limitations, impacts for flat rate and specialty hospitals subject to this cut are not shown in this analysis.
- IME Cuts (source: Simpson-Bowles Commission): The impact shown reflects the recommendation to cut inpatient Indirect Medical Education (IME) payments in half by reducing the IME reimbursement percentage of 5.47% to 2.2%.
- DGME Cuts (source: Simpson-Bowles Commission): The impact shown reflects the recommendation to limit teaching hospital's Direct Graduate Medical Education (DGME) reimbursement to 120% of the national average salary paid to residents in 2010, updated annually thereafter.
- Bad Debt Payment Cuts (source: Simpson-Bowles Commission): The impact shown reflects the recommendation to eliminate payment for reimbursable bad debts for all provider settings.
- SCH Program Elimination (source: Congressional Budget Office): The impact shown reflects the recommendation to eliminate special inpatient payment status for sole community hospitals (SCHs).
- CAH Payment Cuts (source: Congressional Budget Office): The impact shown reflects a reduction in reasonable cost-based reimbursement to Critical Access Hospitals (CAHs) from 101% to 100% for inpatient, outpatient, and swing-bed services.

* This value is calculated by first estimating and aggregating Medicare Fee-For-Service (FFS) revenue over a 10-year period (2013-2022) without the effect of existing legislative or regulatory payment cuts. Then, the estimated impact of the existing legislative and regulatory payment cuts (shown on the left side of the report) over the same 10-year period are aggregated and divided by the aggregate revenue calculated in the first step. The result is a 10-year summary value of the existing legislative and regulatory Medicare FFS payment cuts as a percent of total Medicare FFS revenue. This number does not include any of the additional cuts under consideration (shown on the right side of the report).

- Medicare payment data used to estimate payment changes is from CMS' 2013 payment rule impact files for hospital inpatient and outpatient services, inpatient rehabilitation facilities, and long-term care hospitals. Medicare cost report data (2009 or 2010 in most cases) is used for skilled nursing facilities and home health providers, to estimate the bad debt payment cuts for all provider settings, and to estimate the sequestration cuts for CAHs, cancer, and children's hospitals. Medicare outpatient claims data from 2010 is used to estimate the E/M payment cut.

- This analysis evaluates Medicare FFS payments only and dollar impacts shown in this analysis may differ from those provided by other organizations due to differences in source data and analytic methods. Dollar impacts have been rounded to the nearest hundred dollars; hence, totals may not sum and dollar amounts less than $50 will appear as zeros due to rounding.