

Fiscal Year 2012 PPS Final Rule The Impact of the Rate Change

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Medicare has just released the Final Rule for the Medicare rate year FY2012 which starts October 1, 2011 and ends September 30, 2012. The press release you may have read relating to the FY2012 rates makes a simple statement that indicates there has been an 11.1% decrease in the rates.

Unfortunately, it's not quite that simple, and for some providers, the cut is deeper than 11%. This article explains the changes and provides some tools for determining exactly what the impact to your facility will be. Keep the following in mind:

- All Rehab rates have been reduced by more than 11%, some rehab rates have been reduced by upwards of 20%
- NON-Rehab rates have actually increased
- Each provider's individual mix of Medicare Part-A patients and number of days will determine their individual impact and the impact will differ for each provider.
- The change in your Wage Index figure will influence facility specific impact, either negatively or positively.

The change in rates is not a simple 11.1% reduction. In other words CMS did not simply start with last year's rates and reduce them all by 11.1%. Rather, to get to the reduced rates CMS has "re-calibrated" the "nursing index" figures for certain RUG categories in an attempt to change the rates in a manner and amount that they believe will result in an overall decrease of the 11.1%. Additionally, CMS changed different categories by different percentages.

Rehab Rates vs. NON-Rehab Rates

All of the rates for the "R" (rehab) categories have been reduced by more than 11%. Some rehab category rates have been reduced by

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nearly 20% and in areas where the nursing index goes down the rehab reductions will exceed 20%. Conversely, the NON-Rehab rates have actually gone up by almost 1.8% (before the wage index adjustments). Remember: your individual mix of RUG Categories and Medicare days will determine your facility specific impact.

Wage Index Changes

Each provider is located in a specific CBSA (Core-Based Statistical Area). Each CBSA has a wage index figure associated with it. Those wage index figures have changed, some have increased and some have decreased. If your wage index figure has decreased, the impact (the decrease in revenue) will be greater. Conversely, if your wage index figure has gone up, the decrease in revenue for your facility will be mitigated, slightly. You need to understand the change in your wage index as well as your mix of Medicare Part-A days to completely analyze the impact on your facility.

Impact Analysis Tool

We have developed impact analysis tool to allow you to estimate the impact on your facility. To access this tool. Please go to the link below:

[Tool For FY 2012 Rates](#)

When you have the tool opened, you will need to do the following:

- Determine which CBSA your facility is in
- Input the CBSA # and Wage Index into the appropriate boxes at the top of the XXXXXXXXXX tab
- Input the Medicare Part-A days into the designated column. We recommend using days from 10-1-2010 and forward, the longer the period of time the better.
- Analyze the resulting change

Additional Issues Raised in the FY2012 Final Rule

The next article will focus on a variety of other issues raised in the FY12 Final Rule. Some of these issues have the potential to change the manner in which you deliver care, perhaps significantly.

With any questions about this, please contact us at 888-66-AXIOM or simply reply to this email.

