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CLIENT ADVISORY

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The IMPACT Act of 2014: Significant Changes in Data Reporting and Possible Payment Changes

The Improving Medicare Post-Acute Care Transformation Act of 2014 (IMPACT Act of 2014) was signed into law by President Obama on October 6, 2014. The IMPACT Act includes significant data collection and reporting requirements for post-acute care providers, defined as home health agencies, skilled nursing facilities, inpatient rehabilitation facilities, and LTACHs. The IMPACT Act will require, beginning as early as 2016, the creation of a standardized patient assessment instrument applicable across all post-acute care (PAC) settings.

The Secretary will also specify quality measures on which post-acute care providers are required to submit standardized data, which shall include functional status, skin integrity, medication reconciliation, falls, and accurate communication of health information and care preferences between care settings.

The IMPACT Act will also require the collection of data on resource use, including total estimated Medicare spending per beneficiary, discharge to community, and measures to reflect all condition risk-adjusted potentially-preventable hospital readmission rates.

The quality measures and resource use measures data collection will be implemented in phases, ending with a third phase which will consist of public reporting of post-acute care providers' performance on quality measures no later than two years after data collection begins.

The IMPACT Act also requires the Secretary to modify conditions of participation for all post-acute care providers to require such providers to take into account quality, resource use, and other measures under the applicable reporting provisions, in the discharge planning process in order to assist providers with discharge planning from inpatient settings to PAC provider settings. The regulations shall include procedures to address treatment preferences of patients and goals of care for patients. The Secretary will collect stakeholder input before the initial rule-making process begins.

A significant part of the IMPACT Act also requires that MedPAC study and make recommendations on a unified PAC payment system that establishes payment rates according to the characteristics of individuals (such as cognitive ability, functional status, and impairment) instead of according to the post-acute care setting where the Medicare beneficiary is treated. For skilled nursing facilities, payment consequences for failure to report required information "shall reduce payment rates by 2%."

Finally, the IMPACT Act implements a requirement that any entity certified as a hospice program shall be subject to a standard survey by an appropriate state agency or approved accreditation agency no less frequently than every three years beginning April 2015 and continuing until September 30, 2015.

Changes to data reporting and a continued focus on quality appears to be a key component of the IMPACT Act with resulting changes to payment likely following close behind. But hospice providers will see the most immediate impact as their survey preparedness takes on an increased focus beginning in only a few months.

If you have questions or need assistance regarding the IMPACT Act of 2014, please contact Mary Malone, Jeannie Adams, or Emily Towey at (866) 967-9604, or by email at mmalone@hdjn.com, jadams@hdjn.com, or etowey@hdjn.com. Additional information about Hancock, Daniel, Johnson & Nagle, P.C. is available on the firm's website at www.hdjn.com.

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