



American Health Care Association

Memo from AHCA President & CEO: We Must Fight On

From: [Mark Parkinson](#)

Sent: Mon, Aug 1, 2011 at 3:49 pm

To: [undisclosed-recipients](#)

TO: AHCA Members
FROM: AHCA President & CEO Governor Mark Parkinson
RE: We Must Fight On
DATE: August 1, 2011

Friday's news of the final PPS rule dealt us a severe and unnecessary blow. Severe because of the impact it will have on our members, their employees and most importantly, our residents. Unnecessary because AHCA put forth a solution that would have satisfied the goals of the government without threatening our profession.

How could this happen? Here is the CMS line of thinking: CMS intended to spend \$31 billion on post-acute care in Fiscal Year 2011; CMS now believes it will end up spending \$35 billion in FY 2011. So, for FY 2012, it is reducing spending back to \$31 billion. Further, CMS claims that a large part, if not all, of the reason for the \$4 billion overpayment was the profession's behavior. CMS thinks we up coded, gamed the system, or whatever you want to call it. As a result, CMS just doesn't see the big deal about immediately reducing payments by nearly \$4 billion.

Of course, it is a big deal. Most of us find it insulting that SNFs are accused of incorrectly providing inappropriate care. Many of you have not experienced an increase of the magnitude claimed by CMS. We are all concerned that the CMS rule will over-correct for a flawed payment system and result in the government actually spending less than \$31 billion in the sector next year. And none of this accounts for the challenges we face with increased costs, drastic Medicaid cuts and the looming threats of additional cuts.

Despite Friday's result, we must fight on. We cannot allow the impact of this blow to stop us. Our need to work hard, strategically and as a united front has never been greater.

I have directed AHCA staff to take all possible steps to minimize the impact of the rule. Every idea is on the table, and we will thoroughly examine each option, including our legal and legislative options.

Further, we must make certain that this is the last hit that we take this year. Unfortunately, there are still three serious risks that we face. They are:

1. Attempts on the Hill to claw back any unintended payments we received this year.
2. Specific attempts to cut skilled Medicare rates because of persistent arguments that our margins are too high.
3. General cuts to both Medicaid and Medicare that would impact the sector, like cuts in provider taxes and the blended Medicaid rate proposal.

As we develop specific strategies, we will share more information with the membership. At the time, there are at least two ways that you can help us accomplish our goals. First, please continue your political support and activity. Over the last 60 days, our members' response to our requests for involvement has been stunning. You have sent over 100,000 emails and letters. We have lobbied virtually every Congressional office. This culminated in significant bipartisan support for our balanced approach on the Hill.

The need to exert our political pressure has not diminished just because the final rule has been announced. We need political pressure now, more than ever.

Second, we need examples from members of the economic impact of this rule. CMS states in its rule that it does not believe we will lay people off, freeze wages, stop construction of new buildings or renovations of older ones. We need real world examples of what you have to do to absorb these drastic cuts. Please **send those examples to [Julie Painter](#) in AHCA Member Services** so that we can ensure policy makers understand the effect of this action.

If we let this rule deflate us, it will have beaten us twice. We can't let that happen. We can't give up.

It has been said that adversity doesn't build character, it reveals it. How will we react in the face of adversity? Will we give up, walk away and sulk? Or will we channel our disappointment and frustration into an energy to rise up and fight on?

AHCA is ready to rise to the occasion, and with your help, I have no doubt that we can succeed.