



SELECT MEDICAL – WASHINGTON OFFICE

MAJOR ISSUES 2022

Select Medical is one of the nation’s leading healthcare companies with 130 hospitals (post-acute) and 2,300 clinics in more than 44 states and with 50,000 colleagues across the country. The company is based in Mechanicsburg, Pennsylvania.

Given its national reach, Select Medical closely follows health policy debates in Washington and advocates for patient access to high-quality, cost-effective post-acute care. This document provides a summary of the four major public policy issues that could impact the patients that Select Medical treats.

BACKGROUND

The company was founded in 1996 by Rocky & Robert Ortenzio of central Pennsylvania. The Ortenzio family has more than fifty years of experience operating hospitals.

Twenty-six years after its founding, Select Medical’s 130 hospitals provide specialized types of “post-acute care” (care provided after a patient stay in a general hospital). And, with 2,300 clinics, Select Medical is the nation’s largest provider of both outpatient rehabilitation care and occupational medicine.

Today, general hospitals are discharging patients quicker than ever to post-acute care and moving more procedures to outpatient settings. Thus, the type of care provided by Select Medical and its national clinical team is more important than ever.

ADVOCACY PRINCIPLES

- 1** Select Medical believes that providing healthcare to our fellow Americans is a privilege and a responsibility.
- 2** Select Medical always works in a bipartisan fashion to advocate for public policies that protect patient access to the care we provide.
- 3** Select Medical works closely with our national professional associations, including the American Hospital Association, the American Medical Rehabilitation Providers Association and the American Physical Therapy Association. We also belong to numerous state associations.



WASHINGTON OFFICE

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ISSUE #1: CMS IS CONSIDERING “UNIFYING” THE FOUR POST- ACUTE CARE SYSTEMS

The Centers for Medicare and Medicaid Services (CMS) may soon recommend to Congress that the four post-acute systems be merged into one, new post-acute care prospective payment system (PAC-PPS).

This type of system, if not designed properly, could severely limit patient access to the high-acuity care only available in rehabilitation hospitals (aka IRFs) and critical-illness recovery hospitals (aka LTCHs).

For forty years, the Medicare program has offered patients a range of post-acute options, ranging from high-acuity (IRFs and LTCHs) to low-acuity (nursing homes and home health).

Select Medical awaits the CMS recommendations which will be released in summer 2022. CMS has already noted how difficult it would be to merge four separate post-acute systems accounting for \$60 billion in annual spending. The US Congress would have to consider and pass any new CMS-designed system.

CMS may choose not to press hard for this new possible system – especially after a three-year global pandemic and after CMS has just finished a decade of changes including new LTCH criteria in 2013, a new nursing home payment system (PDPM) in 2019 and a new home health payment system (PDGM) in 2020.

Select Medical asks policymakers to act carefully. We believe that patients should have access to high-acuity post-acute care. Nursing homes play an important role but they are not well-situated to treat the sickest patients.

The current post-acute continuum represents a rational progression of care and gives patients a range of care options.

ISSUE #2: REHABILITATION HOSPITALS FACE CMS “REVIEW CHOICE DEMONSTRATION”

CMS is planning to impose a “Review Choice Demonstration” (RCD) on rehabilitation hospitals (aka IRFs) in multiple states (starting with Alabama, Pennsylvania, California, and Texas) before being rolled out nationally.

This proposed IRF-RCD policy would impose a huge administrative and economic burden on all IRFs – including those with sterling compliance histories.

IRFs would be required to submit supporting documentation for 100% of claims in either a pre-claim or post-payment review process. These claims would then be reviewed by Medicare’s administrative contractors.

IRF-RCD would allow these claims auditors to second-guess the medical judgments of physicians and could, ultimately, restrict IRF access for patients with severe illnesses and injuries.

CMS has previously used its RCD authority for home health, durable medical equipment (DME) and ambulance services. None of these providers are as well-established and heavily regulated as rehabilitation hospitals.

Previous CMS uses of RCD authority in other settings has resulted in CMS practices that resemble “prior authorization” for services. The Medicare program has never before tried to introduce prior authorization into a fee-for-service hospital program.

Select Medical believes CMS has many other, more reasonable, more targeted, and less burdensome tools than “RCD” to identify and investigate potential fraud. Select Medical urges CMS to abandon this initiative and develop a more tailored, anti-fraud approach that focuses only on any IRFs who have questionable compliance practices.

ISSUE #3: SOME “MA” PLANS UNDULY RESTRICT PATIENT ACCESS TO IRF & LTCH CARE

Growing evidence suggests some Medicare Advantage (MA) health plans limit patient admissions to rehabilitation hospitals (aka IRFs) and critical-illness recovery hospitals (aka LTCHs).

Select Medical has good, constructive relationships with some MA plans. However, we also have concerns about the growing evidence suggesting there are wide disparities in patient access to post-acute care hospitals for patients in the MA program as compared to the original Medicare fee-for-service (FFS) program.

Select Medical believes all Medicare patients should have ready access to all Medicare covered benefits, including care in an IRF and LTCH when medically appropriate. We ask policymakers to take steps to improve patient protections and transparency in the MA program.

This issue takes on added importance given (1) Medicare’s enrollment is set to increase by almost 50% as the Baby Boomer generation ages into the program and (2) many of these new enrollees will choose a Medicare MA plan rather than Medicare fee-for-service (FFS). Sometime in next couple of years, more than 50% of Medicare beneficiaries will receive their care via an MA plan rather than traditional Medicare. This will be a first in Medicare’s long history.

As the predominance of MA plans grow, Congress is beginning to reevaluate the adequacy of the program’s patient protections. This year, a majority of the House of Representatives have expressed support for legislation that would help expedite prior authorization decisions and make MA plan coverage policies more transparent. (See H.R. 3173, aka the Delbene-Kelly bill.)

ISSUE #4: PHYSICAL THERAPISTS CONTINUE TO FACE REPEATED CUTS

The physical therapy profession remains at the heart of Select Medical. Rocco A. Ortenzio is the co-founder of Select Medical who started his career as a physical therapist in the 1960s by working out of his home in Steelton, Pennsylvania.

Today, the company is proud to be the world’s largest employer of physical therapists. Select Medical operates 1,800 outpatient clinics and 500 occupational health centers in 41 states.

Medicare covers outpatient therapy services through the Medicare “Part B” physician fee schedule. Due to arcane Medicare budgeting rules, payment increases for one profession (e.g., physicians) must decrease rates for other professions (e.g., therapists and others).

For several years now, CMS has been cutting payment rates to therapists in order to give others a pay raise.

Select Medical supports Medicare’s efforts to increase payments for primary care physicians but these increases should not be financed by cuts in reimbursements to therapists.

In 2020 and 2021, the US Congress intervened to help mitigate recent cuts to therapists. Select Medical is very grateful for Congressional support, but now Congress will have to act, yet again, in 2022 to make sure that therapists do not face yet another cut.

Select Medical is proud to work with the American Physical Therapy Association (APTA) and supports APTA’s advocacy to avoid these payment cuts which could limit patient access to physical therapists.

ABOUT SELECT MEDICAL'S HOSPITALS & CLINICS

Many of the nation's leading hospital systems choose Select Medical as their preferred partner in providing post-acute and recovery care services. These hospitals include many of the nation's most respected acute care systems, including Baylor Scott & White, Cedars-Sinai, Cleveland Clinic, Emory Healthcare, Penn State Health, Oschner Health, and UCLA Health to name just a few.

Select Medical owns, operates, or manages:

CRITICAL ILLNESS RECOVERY HOSPITALS

Medicare certifies these as "Long-Term Care Hospitals" (LTCHs)

100+ HOSPITALS IN 28 STATES

REHABILITATION HOSPITALS

Medicare certifies these as "Inpatient Rehabilitation Facilities" (IRFs)

30 HOSPITALS IN 12 STATES

OUTPATIENT REHABILITATION CLINICS

Clinics for providing physical therapy, occupational therapy, and other forms of outpatient care.

1800+ CLINICS IN 38 STATES

CONCENTRA CLINICS

Occupational health centers for providing consumer health, physical therapy, and wellness services.

500+ OCCUPATIONAL HEALTH CENTERS IN 41 STATES

