

How We Win

LONG TERM CARE

Mark Parkinson
President & CEO

ahca[®]

American Health Care Association

ncal[®]

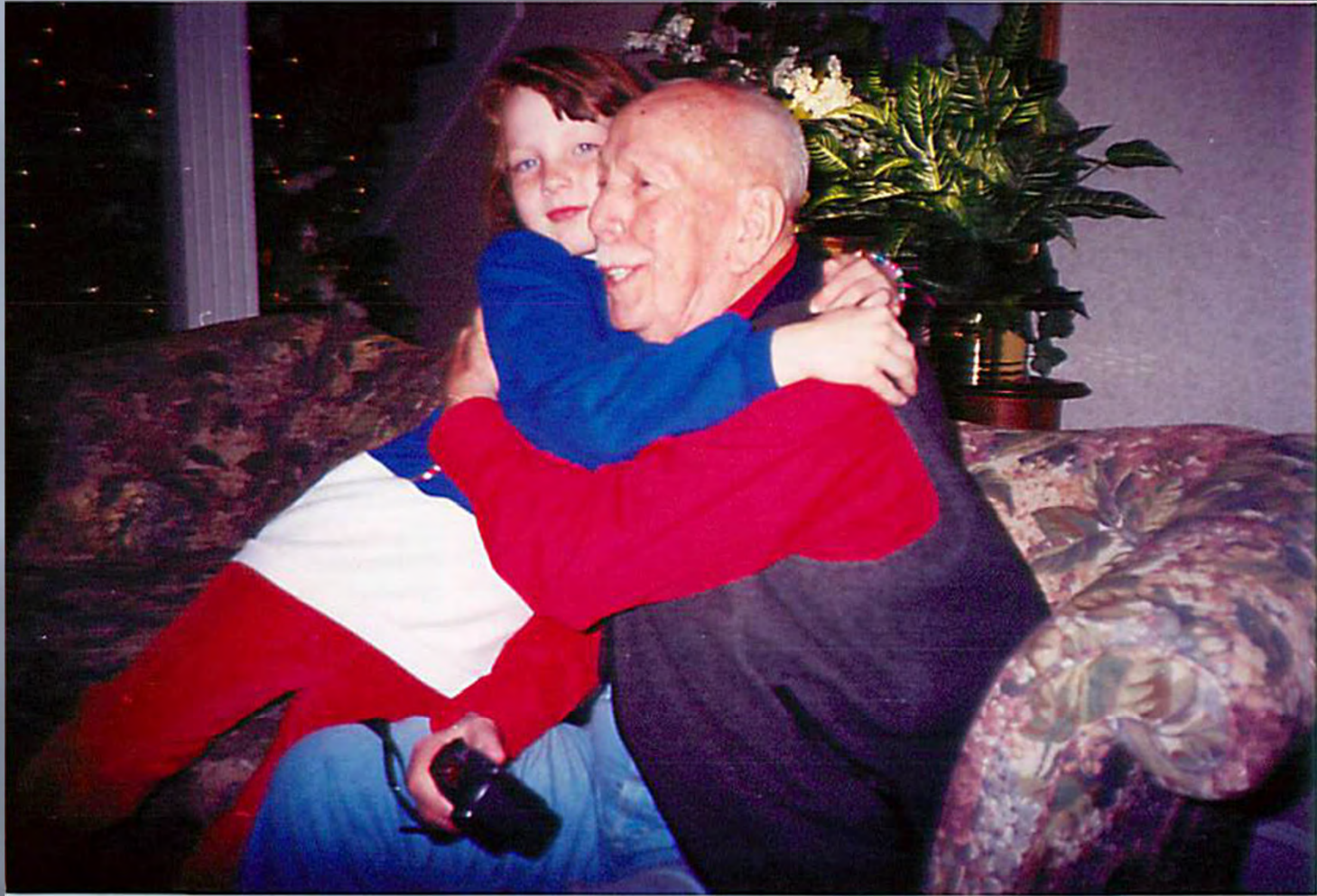
National Center for Assisted Living















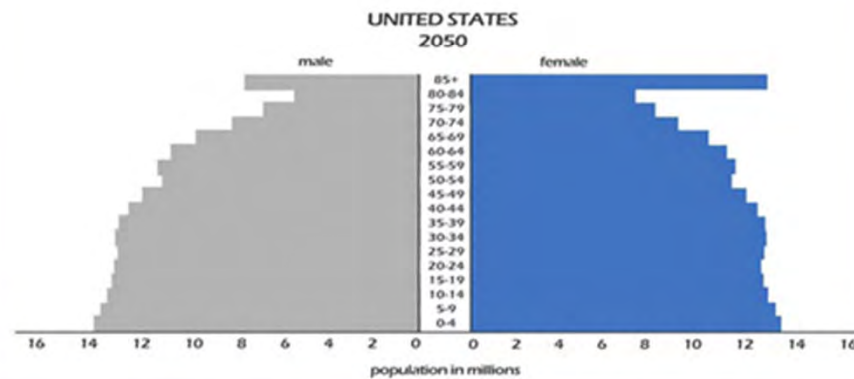
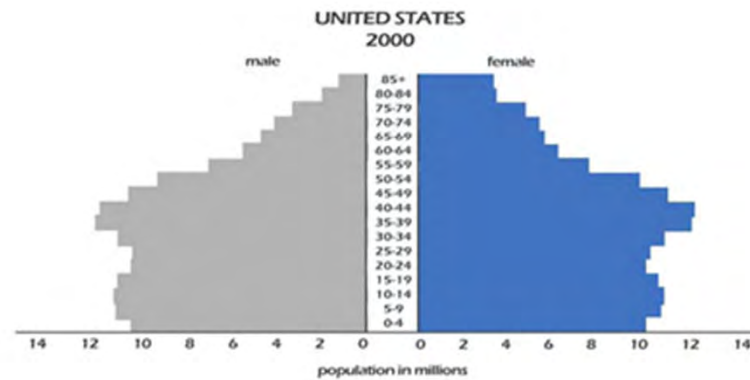
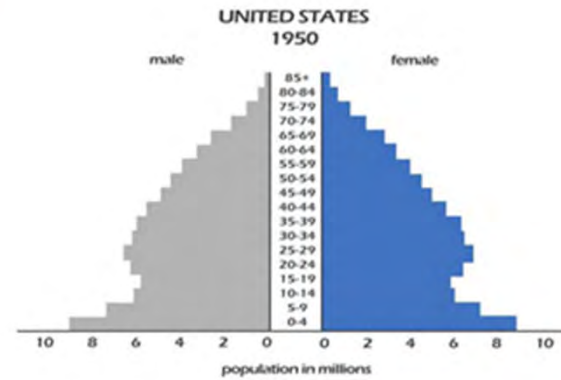






THE OPPORTUNITIES AND THE CHALLENGES WE FACE

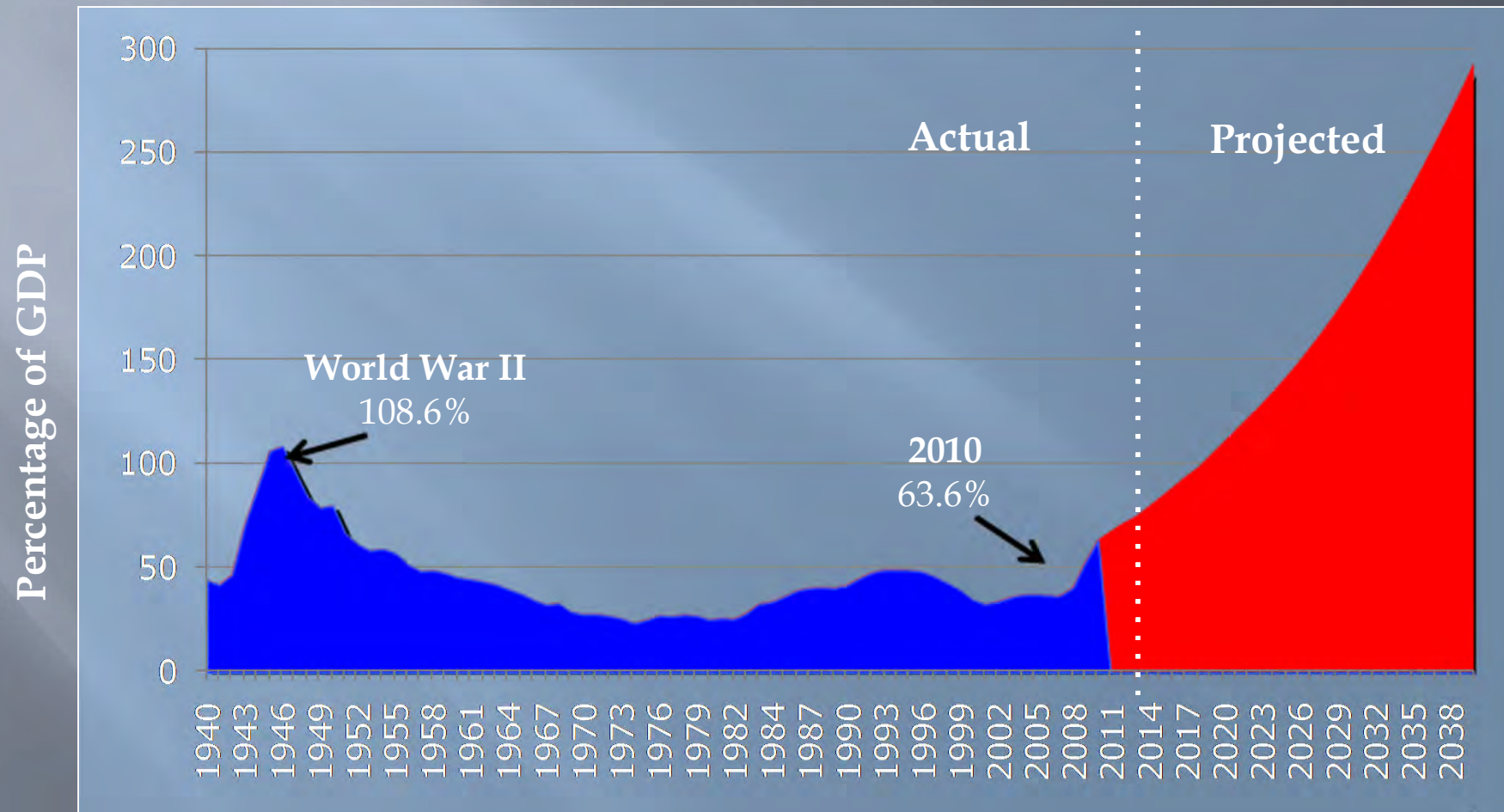
Aging Trees, 1950-2050



Source: U.S. Census Bureau

The federal debt is growing exponentially

Debt Held by the Public as a Percent of GDP
1940-2040



Source: GAO Analysis, 2010 and OMB Historical Tables 2010.

AHCA's 90/'12 Plan

- ▣ The next 60 days are critical to our survival
- ▣ 2012 will move us forward

The Next 60 Days

- ▣ Set the stage to move forward in 2012
- ▣ Incredibly important time for our advocacy efforts

Supercommittee Key Dates

November 23	introduce plan to save \$1.5 trillion over the next 10 years
December 23	plan voted on by Congress

The Potential Costs

SUPER COMMITTEE

- ▣ Claw back of FY 2011
- \$4.47 billion
- ▣ Additional cuts to Medicare providers (market basket freeze)
up to -\$600 million/year
- ▣ Medicare beneficiary cuts to copays and bad debt phase-down
up to -\$1.6 billion/year
- ▣ Reductions to provider tax
up to -\$2.15 billion/year
- ▣ Blended Medicaid rates
up to -\$500 million for each 1% reduction

FALL-BACK PROVISION

- ▣ 2% across-the-board to Medicare providers
≈ -\$670 million
January 2013
- ▣ No Medicaid cuts

The Potential Costs

Estimated Change In Medicare Rates Current System and Sequestration

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Market Basket Update		2.8%	2.9%	3.0%	3.3%	3.2%	3.2%	3.1%	3.0%
Market Basket Update Less 1.0% Productivity Adjustment		1.8%	1.9%	2.0%	2.3%	2.2%	2.2%	2.1%	2.0%
Average Medicare Rate Per Day	457.59	465.83	474.68	484.17	495.31	506.21	517.35	528.21	538.77
Average Medicare Rate Per Day Less 2% Reduction For Sequestration		456.51	465.19	474.49	485.40	496.09	507.00	517.65	527.99
Net Change In Medicare Rate By Year (Average Medicare Rate Including Sequestration)		-0.2%	1.9%	2.0%	2.3%	2.2%	2.2%	2.1%	2.0%

Our Goals

- ▣ Mitigate impact of final rule
- ▣ No claw back of FY 2011 funds
- ▣ Work with the Supercommittee to avoid cuts – but position ourselves for sequestration.
- ▣ We get credit for therapy – either through recalibration or FY 2013 rule
- ▣ Clear path to better long term relationships with CMS, key Hill staff and Members of Congress

Our Tactics

- ▣ In District Meetings
- ▣ Facility Visits
- ▣ Letter writing campaigns
- ▣ Events for Supercommittee members
- ▣ 3 Fly-Ins scheduled through December
- ▣ Aggressive Media Campaign

An Aggressive Media Campaign

“Care Not Cuts”

Our Message:

1. **Health Care Continuum:** Long term and post-acute care providers are a critical part of the health care continuum.
2. **Economic Driver:** Long term and post-acute care providers are a critical force in our economic recovery.
3. **Growing Demand:** Long term and post-acute care have a responsibility to serve our nation’s growing senior population.
4. **Access:** A vast majority of nursing home residents rely on Medicaid or Medicare for their nursing home care.

CareNotCuts.org



“Care Not Cuts”

“Nurses” aired in

- ▣ 10 states
- ▣ 30 Congressional Districts
- ▣ DC Beltway

“Post-Acute” aired in

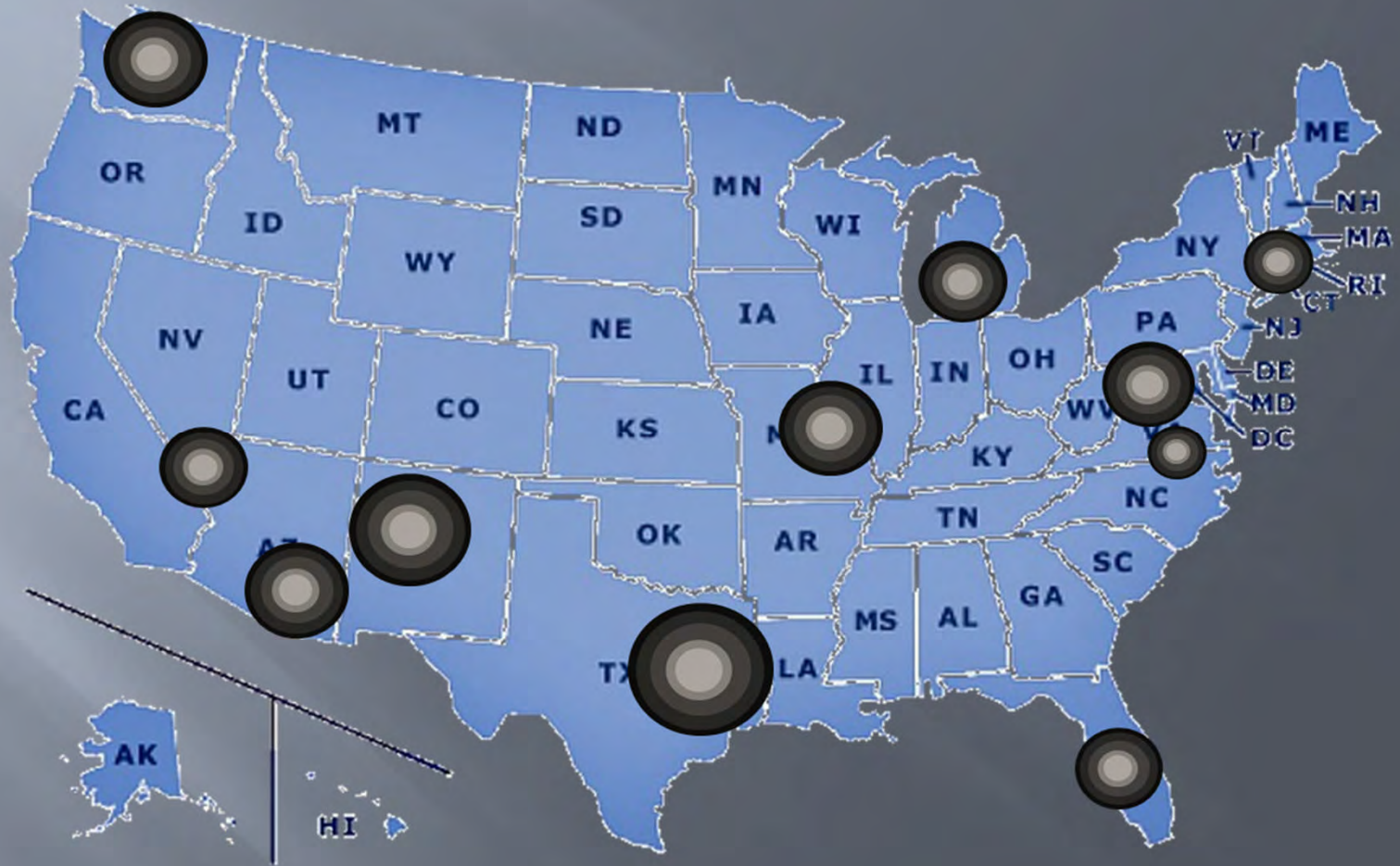
- ▣ DC Beltway

More ads are on the way

- ▣ 90 days sustained
- ▣ Increasingly targeted as budget vote is closer



“Care Not Cuts”



Seattle, WA | Las Vegas, NV | Phoenix, AZ | Albuquerque, NM | Austin, TX | Detroit, MI | Washington, DC | Richmond, VA | Orlando, FL | Boston, MA | St. Louis, MO

HOW WE WIN

1) We must be the *cost* and
quality solution.

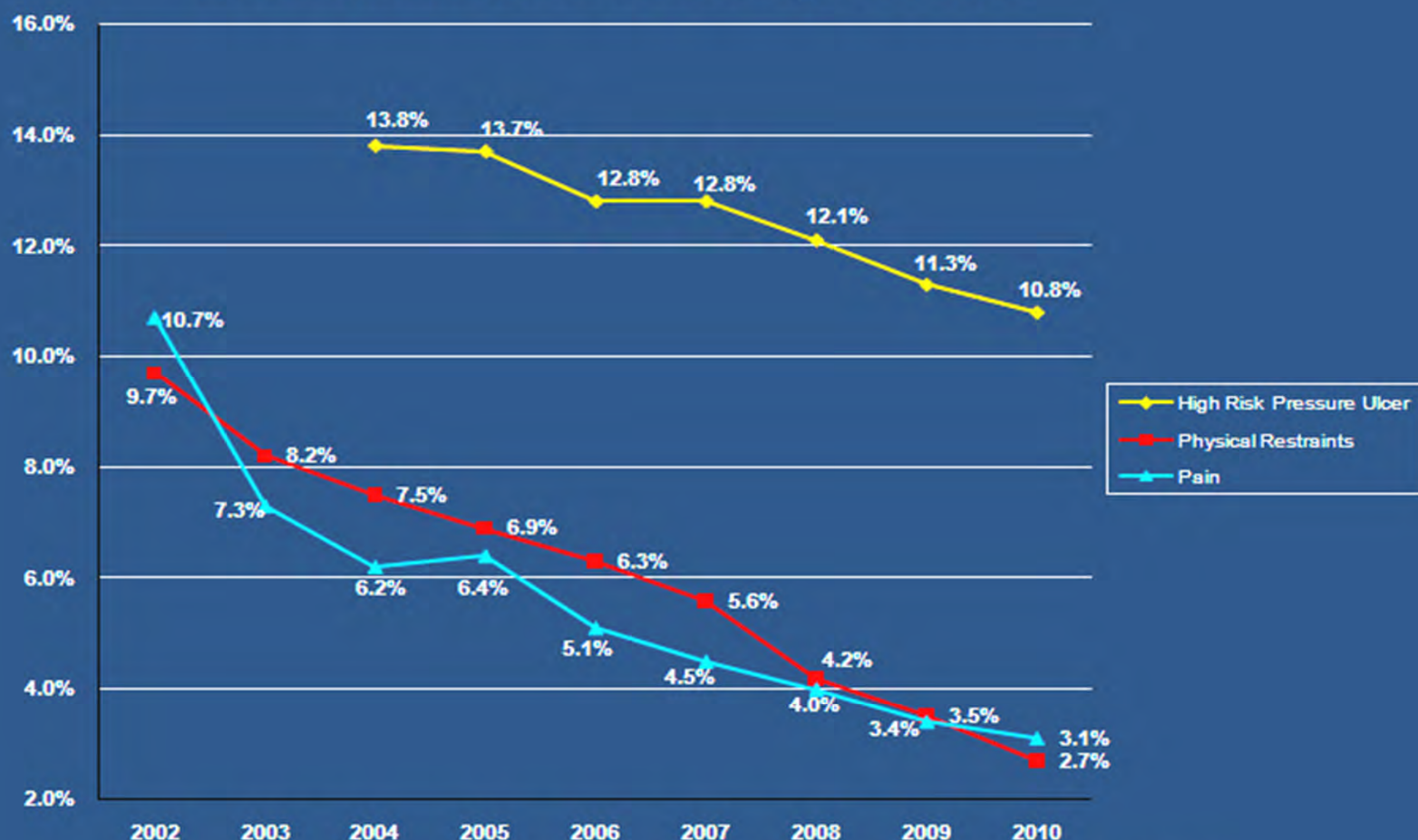
The Lower Cost Solution

CMS Medicare Payments by Care Setting

Hospital Diagnosis	LTACH	IRF	SNF
Stroke	\$32,724	\$18,253	\$10,445
Hip fracture	\$27,497	\$14,117	\$11,265
Total hip replacement	\$26,315	\$11,918	\$8,399
Total knee replacement	\$22,703	\$9,722	\$5,244

The Quality Solution

Trends in Chronic Care Quality Measures



Source: Computed by AHCA R&R Department using CMS Nursing Home Compare. Various years, second quarter.
American Health Care Association- Research Department

Implications For the Future

- ▣ Learn everything you can about new payment models
- ▣ Quality will become a reimbursement issue
- ▣ We must adapt

19.6%

of hospitalized Medicare patients are readmitted within 30 days.

Number of days after discharge	Rate of potentially preventable readmissions	Spending on potentially preventable readmissions
Within 7 days	5.2%	\$5 Billion
Within 15 days	8.8%	\$8 Billion
Within 30 days	13.3%	\$12 Billion

Source: New England Journal of Medicine, 2009.

Hospitals Facing a Paycut

Beginning in fiscal year 2012, CMS will rank hospitals based on 30-day readmission rate for the top three diagnoses causing the majority of readmissions:

1. heart attack
2. heart failure
3. pneumonia.

Hospitals in bottom quartile (nationally) from the prior year will have a % of total Medicare payments withheld:

2013: up to 1%

2014: up to 2%

2015: up to 3%



Source: Sections 1151 and 3025 of the Patient Protection and Affordable Care Act

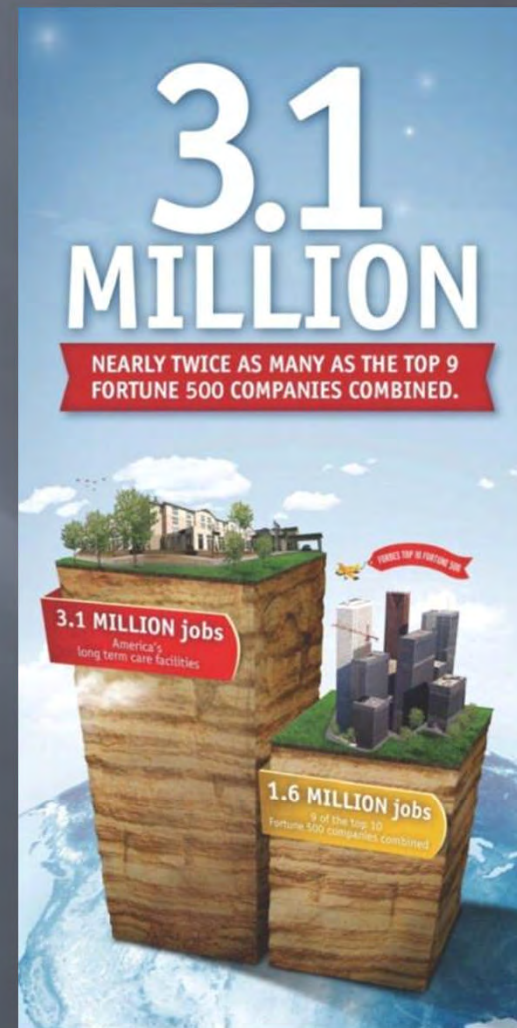
HOW WE WIN

2) We must be a political and lobbying powerhouse

- ✓ Focus on Audience
- ✓ Focus on Message
- ✓ Change Messengers
- ✓ Utilize our broad-based membership

Jobs & Economic Development

- ▣ 3.1 million American jobs
- ▣ \$529 billion in economic activity
- ▣ \$60 billion in federal and state tax revenues



Jobs & Economic Development

Long Term Care in New Jersey:

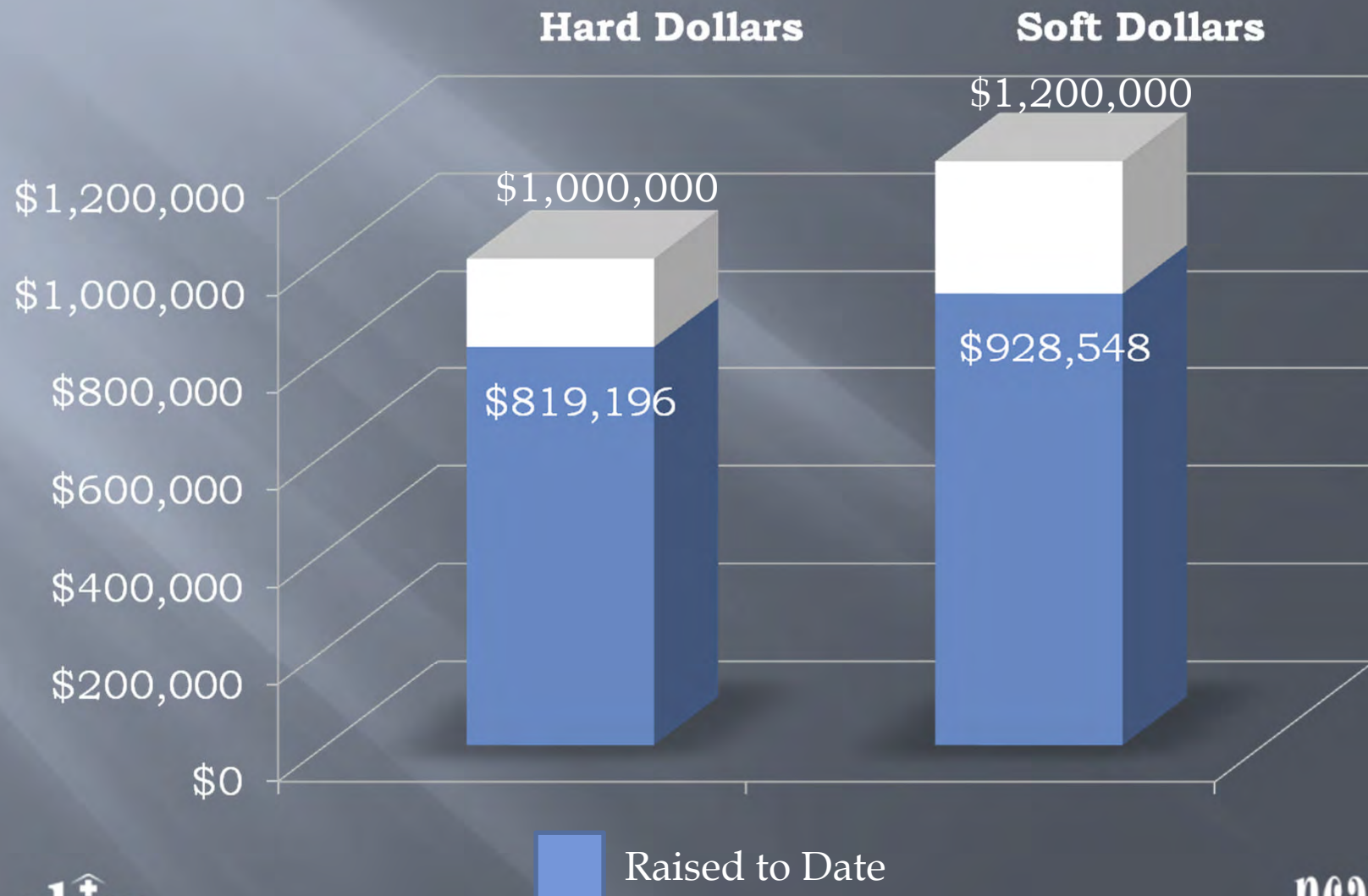
- ▣ 87,950 jobs
- ▣ 11th largest employer
- ▣ \$5.8 billion in economic activity



Use Our Broad-Based Membership

- ▣ Fundraising events all over the country
- ▣ Members lobbying on Capitol Hill continuously
- ▣ Hundreds of thousands in touch with their Members through CapWiz

AHCA/NCAL PAC



What We Need From You

1. Come to DC to lobby your Member of Congress
2. If you can't come to DC, hold a facility tour or meet with your Member of Congress in the district
3. Sign up for our grassroots efforts
 - a) Register in CapWiz: www.ahcancal.org/advocacy
 - b) Participate in our letter writing campaign

To come to DC or
hold a facility tour, contact:

Matt Smyth,
msmyth@ahca.org

IT IS TIME FOR US TO WRITE
OUR OWN HISTORY

Prospering During the Perfect Storm

LONG TERM CARE

Governor Mark Parkinson
President & CEO

ahca[®]
American Health Care Association

ncal[®]
National Center for Assisted Living