*A TOPIC AOPA IS WORKING ON THAT IS IMPORTANT TO THE FUTURE OF YOUR BUSINESS*

# What in the Heck is Post Acute Care Bundling and How Does it Affect You?

## The Core of the Issue

Congress has been "kicking the can down the road" for more than a decade to avoid painful reductions in Medicare reimbursements to physicians. The Sustainable Growth Rate (SGR) formula included in the Balanced Budget Act of 1997 was intended to control the increased spending by Medicare on physician services. It ensures that the yearly increase in Medicare beneficiary expense does not exceed the Gross Domestic Product (GDP) annual increase. Since 2003 the SGR pattern has been to exceed targeted growth which by law would result in draconian Medicare reimbursement decreases for physicians. Congress under pressure from various


medical groups has enacted the "Doc fix" each year to avoid those reductions. There was optimism about securing a permanent solution during this Congress and before the November election but last minute wrangling and a March 31st deadline forced Congress to "kick the can down the road" again for a one year "doc fix." As the effort advanced it became clear that roughly $130 billion in new Medicare cuts would be needed to "pay for" the permanent SGR fix. The primary target identified was to implement a "post acute care bundling" program: instituting a single payment to one provider to coordinate all needed care on the most effective terms for Medicare patients in their first 90 days after hospital discharge. In its worst terms, there would be no O&P payment from Medicare, but only whatever reduced payment had been negotiated by a single provider coordinating the "bundle" e.g., a rehab hospital.

## Why Is It Important To You?

There was a real threat to O&P because the initial legislative draft for a permanent fix pulled a significant amount of the needed money by implementing Post Acute Care Bundling (PACB). While physical therapists and physicians were exempt from PACB in the draft bill, O&P was not. PACB basically contracts with a single entity such as a hospital which may have been chosen on a low bid basis to provide the needed care services for the first 90 days after a patient's hospital discharge. That selected entity then assembles the needed care providers, perhaps also on a low bid basis, and parcels out the reimbursements to each. The selected entity has incentives to contract with a single provider who promises to deliver the care at the lowest possible cost which squeezes all the providers. It might work for some DME, but would be a disaster for O&P. Because O&P care traditionally depends on a much longer term, sometimes a lifetime patient/provider relationship, it's therefore critical that patient choice be preserved. That may not be possible in a PACB model.

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## What Is AOPA Doing About This?

After presenting the O&P care model and how it's so different from DME and other services that may be delivered that first 90 days, AOPA secured the backing of congressional staff to similarly exempt orthotic and prosthetic care, like physical therapy and physicians, from post acute care bundling. Language AOPA and its lobbying team developed was embraced by the O&P Alliance and those concepts were added to the draft bill exempting O&P from PACB. It provided another opportunity for AOPA to distinguish the unique nature of the often lifelong mobility restoring patient care relationship forged between O&P professionals and their O&P patients

*(Continued on page 2)*

*(Continued from page 1)*

from the commodity based DME products. It also provided an opportunity to point out how post acute care bundling denies the right of Medicare beneficiaries to choose their O&P health care provider for what may be that lifelong relationship to address the patient's ongoing mobility needs.

Fortunately, AOPA was able to point out that Congress has a history of recognizing the special uniqueness of O&P's often long term patient care role with their patients. In 2003 Congress exempted all of O&P except off the shelf orthotics from competitive bidding because they recognized that O&P devices and related clinical services are of a unique nature and are not suitable for the cookie cutter world of competitive bidding.

Linking patient choice, the precedent from competitive bidding decisions and a pattern of O&P patient care that is often hampered or infringed by hospital DRGs and SNFs payment rates which can delay care until they are sure Medicare Part B will assume the cost helped solidify the acceptance of the need for an O&P exemption.

## The Bottom Line

AOPA has just completed our annual renewal process and we again are so thankful for the loyal support of the O&P community. Our renewal rate has always hovered around the 95 percent range which is extraordinary for a trade association like AOPA. This year's renewal was lower with more with more reporting having either gone out of business or just not having the money responses when staff and members of the AOPA Board called to encourage renewal. Unfortunately, that's a false economy if AOPA's resources were stretched so thin as to preclude our ability to take proactive steps to protect your future.

With the daily vigilance needed to make sure O&P doesn't get a big hit from well intentioned or even bad intentioned regulation or legislation, everyone in O&P must ask themselves how this job will get done if support for AOPA declines and the resources simply are not available to fight these battles?

It's not a just question of AOPA's resources and vitality, but a question of you and O&P patient care surviving in the spirit of our long tradition in making huge differences in the quality of life our patients enjoy. How sad that would be for everyone if there's no happy ending. You may be able to help avert that possibility by making it your personal cause to make sure everyone you know in O&P is helping carry the load. You can go to www.AOPAnet.org and use the Member Search Directory to verify whether someone you know is or is not helping to make sure adequate resources are available to combat the threats, e.g., to support our AOPA litigation against CMS' confiscating audits, or to win the exemption from the medical device excise tax for both O&P patient care facilities and manufacturers that saves our members roughly $100 million each year. If they are not a member, you can be the inspiration to get them back in the fold and renew their membership.

Very truly yours,

Thomas F. Fise, JD
AOPA Executive Director