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August 23, 2012

Ms. Marilyn Tavenner, Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Room 445-G, Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

RE: CMS-1589-P: Hospital Outpatient Prospective and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Electronic Reporting Pilot; Inpatient Rehabilitation Facilities Quality Reporting Program; Quality Improvement Organization Regulations (42 CFR Parts 416, 419, 476, 478, 480, and 495)

NOTE: Our comments focus on “**PARTIAL HOSPITALIZATION CY2013 RATES**”

Dear Ms. Tavenner,

As an association representing behavioral healthcare provider organizations and professionals, the National Association of Psychiatric Health Systems (NAPHS) appreciates the opportunity to provide comments on the proposed rule titled “Hospital Outpatient Prospective Payment....” [CY 2013 Payment Rates] as published in the July 30, 2012, *Federal Register*.

We are specifically providing comments on the proposed **partial hospitalization** payment rates for CY2013.

ABOUT NAPHS

Founded in 1933, NAPHS advocates for behavioral health and represents provider systems that are committed to the delivery of responsive, accountable, and clinically effective prevention, treatment, and care for children, adolescents, adults, and older adults with mental and substance use disorders. Our members are behavioral healthcare provider organizations, including more than 700 psychiatric hospitals, addiction treatment facilities, general hospital psychiatric and addiction treatment units, residential treatment centers, youth services organizations, outpatient networks, and other providers of care. Our members deliver all levels of care, including partial hospitalization services, outpatient services, residential treatment, and inpatient care.

Partial hospitalization – specifically – has long been a level of care offered by NAPHS members. In our most recent *NAPHS Annual Survey*, more than half (56.8%) of all NAPHS members responding offered psychiatric partial hospitalization services for their communities, and more than a third (35%) offered partial hospital addiction services. Throughout the years, these NAPHS members have been a stable group of providers working hard to meet a community need. Patients may use partial hospitalization either as a transition from a hospital program or as an alternative to inpatient care.

NAPHS has been a major proponent and supporter of the Medicare partial hospitalization benefit since the inception of the benefit in the late 1980s. In fact, NAPHS worked with Congress in crafting the legislation, which became the basis for this benefit. The original intent of the benefit was to provide Medicare beneficiaries with an alternative to inpatient psychiatric care that would allow patients to move more quickly out of the hospital to a less intensive, “step-down” program or that would prevent the need for hospitalization. Before the advent of this benefit, Medicare’s mental health benefit structure was limited to inpatient psychiatric hospital care or outpatient, office-based visits. The partial hospitalization benefit created an important intermediate service between outpatient, office-based visits and inpatient psychiatric care.

The benefit continues to have a very important place as psychiatric reimbursement has moved to prospective payment and the importance of placing patients at the appropriate level of care has been re-emphasized. Without partial hospitalization as an option, one could imagine even more patients in overcrowded emergency departments. There is much evidence that emergency department care is an inefficient and very expensive way to care for patients experiencing a mental health crisis.

The current implementation of healthcare reform places ever-more emphasis on the importance of the care continuum. Essential to reform implementation is the creation of a system that makes it possible for patients to receive treatment at the most appropriate, cost-effective level with well-coordinated transition to the next level of care. We think partial hospitalization is critical for helping the mental health system meet its goal of a robust continuum of services.

“OPPS: PARTIAL HOSPITALIZATION” COMMENTS

We recognize the comprehensive way CMS has, once again, analyzed claims data for the partial hospitalization program (PHP). We think the refinements CMS has made to this analysis through the last several years continue to improve payment accuracy. We support the use of hospital-specific and CMHC-specific data in the calculation of rates.

We continue to be concerned about the stability of the benefit and the ability of providers to maintain an adequate number of PHPs to meet the needs of beneficiaries when the year-to-year rates have fluctuated so significantly. The inability to plan for stable reimbursement creates a disincentive for providers to continue to provide PHP services. We support the hospital-based rates as calculated for CY 2013 and think they return the reimbursement to the range that has been more typical through several years.

RECOMMENDATIONS:

To summarize, **NAPHS recommends** that CMS take the following actions:

- Continue the four-tiered per diem payment system based on analysis of costs for each specific setting.
- Continue to refine data analysis strategies that help bring payment accuracy as well as stability to the partial hospitalization benefit in order to allow programs to exist which meet the needs of Medicare beneficiaries.

CONCLUSION

Thank you for your consideration of our comments. We look forward to working with CMS and the Department of Health and Human Services to ensure that Medicare beneficiaries continue to have access hospital outpatient mental health and partial hospitalization services.

Sincerely,

/s/

Mark Covall
President/CEO