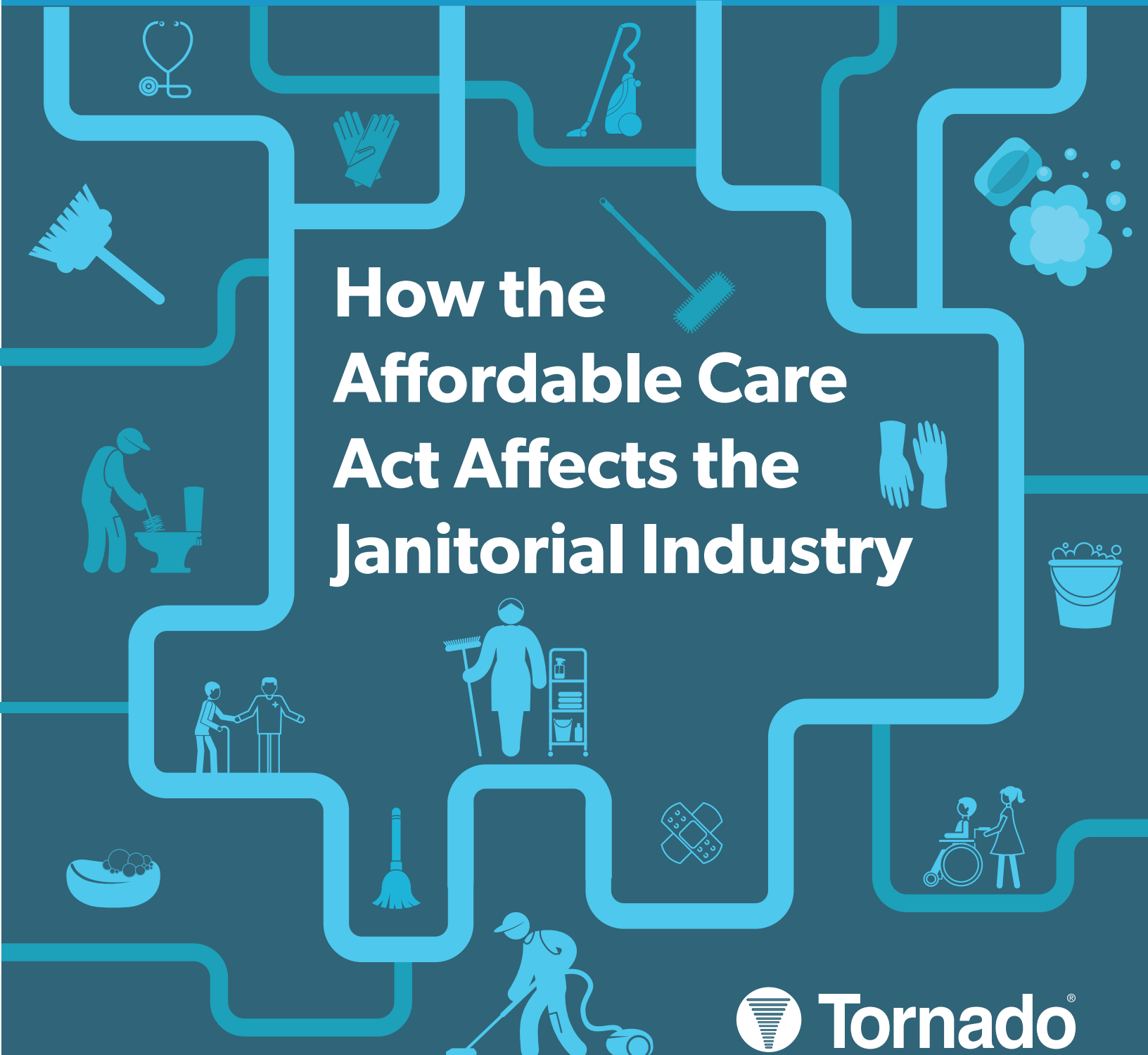




# How the Affordable Care Act Affects the Janitorial Industry



# How the Affordable Care Act Affects the Janitorial Industry

*On March 23, 2010, President Barack Obama signed into law the Patient Protection and Affordable Care Act (PPACA), commonly called the Affordable Care Act (ACA). This sweeping reform of the U.S. healthcare system not only affects how Americans get and use insurance, it also dramatically changes how hospitals receive funding. By linking outcomes to payments, the ACA shines a spotlight on the janitorial industry and its role in creating healthy environments.*

## Money Talks

In an effort to improve patient care, the ACA rewards hospitals that perform well and penalizes those that don't. How? By changing how the government pays for services provided to patients who use Medicare. The Centers for Medicare & Medicaid Services (CMS), the federal agency that runs Medicare, no longer blindly pays out based on the quantity of services a hospital provides. By next year, up to 6 percent of reimbursements are tied to the quality of care. Four percent may sound trivial, but it equals more than \$10 billion in potential penalties.

## Tricky Metrics

The new formula for Medicare reimbursements is based on findings from three separate programs. Although these funding metrics extend well beyond cleanliness, the janitorial industry certainly plays a key role in several aspects of the reimbursement puzzle.



Here's a brief overview of the three factors CMS considers when dishing out penalties and rewards:

## Customer Satisfaction

The Hospital Value-Based Purchasing Program (VBP) went into effect in October 2012 and affects about 3,500 hospitals. Under VBP, each hospital places a percentage of its base Medicare payments into a pool (the contribution amount slowly increases from 1 percent in 2013 to 2 percent in 2017).

How much of that money a hospital earns back depends on the quality of its services. It's possible to earn back none, some, or all of the money. Additionally, the highest-performing hospitals receive bonuses beyond their initial contribution.

One way CMS determines quality under VBP is the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPSs). This standardized survey features 27 questions that ask patients to rate their hospital visit in eight areas:

1. Communication with doctors
2. Communication with nurses
3. Responsiveness of hospital staff
4. Pain management
5. Communication about medicines
6. Discharge information
7. Cleanliness of the hospital environment
8. Quietness of the hospital environment

One-eighth of the critically important HCAHPS score centers around how well the housekeeping staff performs (more if you consider both quietness and responsiveness of staff could also tangentially relate to janitorial). Clearly, housekeeping departments—and how patients perceive them—play an important role in helping hospitals meet funding goals.

## Readmission Rates

Hospitals have also been subject to the Hospital Readmissions Reduction Program (HRRP) since 2010. HRRP requires CMS to reduce reimbursements to hospitals with excessive readmission rates over a three-year rolling timeframe.



Readmission is defined as an admission into any hospital within 30 days of discharge from another hospital for certain high-cost or high-volume conditions—heart attack, heart failure, pneumonia, chronic obstructive pulmonary disease, and elective hip or knee arthroplasty (coronary artery bypass graft will be added in 2017).

Facilities with unacceptable readmission rates as judged by CMS can see their Medicare payments docked by as much as 3 percent. In 2016, 77 percent of hospitals will pay some penalty under HRRP (averaging .63 percent), and about 1 percent are subject to the maximum reduction.

## Infection Problems

In 2014, the ACA authorized the Hospital-Acquired Condition (HAC) Reduction program. Under HAC, the top 25 percent of hospitals with the highest rates of healthcare-associated infections (HAIs) get a 1 percent reduction in Medicare reimbursements. In 2015, 721 hospitals were in the penalized quartile.

Currently, HAIs under HAC include things like pneumonia, urinary tract infections, and gastrointestinal illness. In the next two years, however, the government will add antibiotic-resistant germs C. Diff and MRSA to the program.

Here is where the cleanliness of a hospital, and the staff that maintains it take center stage. These Hospital Acquired (or associated) Infections (HAI) are major contributors to readmission rate. In fact, 1 in 25 patients end up with HAI, and improper hand washing, along with improper sanitation, cleaning, and environmental practices playing a large part in contributing to that statistic. When you realize that it translates into over 2 million people going into the hospital and getting sick from HAI, with over 100,000 patients dying from those infections each year, which is more than car accidents, breast cancer, and AIDS combined, you quickly appreciate the scope of the problem!

It's also incredibly expensive for patients, hospitals, insurers, and society, with studies estimating that patients who contract HAI staying an average of 4 to 5 times longer in the hospital than other patients, with care costing approximately 6 times more! In fact, depending on what is factored in, estimates for society range from a staggering \$5 billion all the way up to \$30 billion per year.

## Conclusion

Six years since its enactment, the ACA has faced mixed reviews. When it comes to Medicare reimbursements, whether the programs are well designed or use the best metrics to judge quality will likely remain the subject of great debate for the foreseeable future. Regardless, anyone in the janitorial industry who works directly or indirectly with the healthcare industry should pay attention to the evolving legislation and its current and potential ramifications on cleaning.

