

Dear Colleagues:

It's hard to believe that 2018 is quickly coming to an end. This year offered both new and familiar challenges, but I'm pleased to say that we have once again achieved success that supports our mission to improve lives by delivering solutions for quality care.

The AHCA Board of Governors met for the final time in November to wrap up its 2018 business, approve the 2019 budget, and finalize 2019 goals. I hope you will find this summary from the meeting helpful as we begin looking ahead to the New Year.

Association & Washington Updates

Financials

The Association approaches the final weeks of 2018 in a strong financial position with historical cash and reserve levels. Much of this success is due to Convention, which gets bigger and better each year. For those who traveled to San Diego, thank you for making it a great week. We hope many of you will consider attending our Convention next year in Orlando October 13-16, 2019. Additionally, AHCA just went through the Intent to Apply deadline for the AHCA/NCAL Quality Awards. Our goal was 1,500 facilities to apply for a Quality Award, and we beat it by 100 applications.

Following an in-depth discussion on Association financials, the Board approved the September 2018 financial report and 2019 proposed budget.

Update on 2018 Goals

Mark Parkinson reported that Association membership remains strong. Skilled nursing and assisted living membership continue to grow, and we are at record membership numbers with nearly 14,000 buildings.

I'm pleased to share good news on our 2018 goals. We defended Medicaid, achieved a 2.4 percent market basket increase, and are making measurable progress in securing regulatory relief. We achieved a permanent fix of the therapy cap limit and elimination of mandatory Post-Acute Care (PAC) bundles. While we were unable to pass AHCA payment reform on Capitol Hill, we did achieve acceptable implementation of the new Patient-Driven Payment Model (PDPM).

There are some goals that were a bit more challenging in 2018. We continue to work on the tax issue and will keep you updated. There was no administrative movement on Observation Stays, and we were excluded from the new PAC bundles. Despite these hurdles, I am very proud of our efforts over the past 12 months and know that we will continue to forge ahead.

Looking Ahead to 2019

Last month's mid-term elections changed the political landscape. Democrats took the House of Representatives, and Republicans grew their majority in the Senate. Given this scenario and the lessons we learned this year, there are several things we need to do in 2019 and 2020. It will be essential to defend against any cuts. We need to continue to work with the Centers for Medicare and Medicaid Services (CMS) to ensure additional regulatory relief. And, we need to be ready for PDPM.

AHCA PDPM Academy

The new PDPM begins October 1, 2019. Even though that may seem far away, it is vital to get ready now. AHCA developed the PDPM Academy to provide the knowledge and support you need for a successful transition. Those who register for the PDPM Academy will have access to multiple tools developed by AHCA, including an in-person training in your state and monthly webinars. I strongly

encourage you to get involved in this training and get ready now. Look for information on how to register for the PDPM Academy from your state affiliate.

2019 Strategic Planning

The Association's Strategic Planning Committee continues to thrive under the leadership of Board Secretary/Treasurer Phil Fogg. Thank you to Phil and all of the committee members for your commitment to this effort.

Phil walked the Board through the driving forces shaping the future of SNF/Post-Acute Care (PAC) and some of the changes that have occurred. This helped the Association to identify key priority issues: being a powerful policy and political voice, ensuring AHCA remains a strong association, improving quality care, and ensuring the economic health of the sector.

The strategic planning process has been essential to determining the Association's [2019 goals](#). We are dedicated to providing as much value as possible to all of our members through the annual Association goals. This support will be extremely important given the changing risks for the profession - including the shifting political landscape and the impact of changing demographics.

Population Health Management Council

At the Board's direction, AHCA is creating a Population Health Management Council with the goals to support/protect members who operate provider-owned plans and educate interested provider members about provider-owned plan opportunities. More AHCA/NCAL members are becoming their own managed care entities, and the Association is here to help.

AHCA recently hired Vice President of Population Health Management [Jill Sumner](#), who comes to us from Ally Align. Jill has expertise on how members can do this from start to finish and shared with the Board an overview of the LTC provider-owned plans across the country, which currently includes 58 products. Approximately 19 percent of total Institutional Special Needs Plan (ISNP) covered lives are enrolled in LTC provider enrolled plans.

Following an in-depth discussion of the council, goals, funding, and participants, the Board voted to continue working on the creation of a Population Health Management Council.

Reimbursement

Senior Vice President of Reimbursement Policy Mike Cheek provided an update on the Unified Post-Acute Care Payment System. The Reimbursement department is paying special attention to the Improving Medicare Post-Acute Care Transformation Act of 2014 (IMPACT Act) timeline because a report to Congress is due by 2025. The Reimbursement Cabinet is working on developing a position for AHCA and will share that with the Board for discussion in May of 2019.

Quality & Regulatory

Quality Cabinet Vice Chair Janet Snipes and Quality Cabinet Co-Chairs Howie Groff and Mary Ousley shared several important quality and regulatory updates.

There are significant changes to Five-Star currently under consideration that would be implemented next spring. This would include changes to the staffing and Quality Measure components, as well as the overall rating system. Following an in-depth discussion, the Board agreed that we continue to raise our major concerns with CMS, with the number one ask being that we never go back to the curve on the Quality Measures.

There was also discussion around the Elder Justice Act, which was passed in 2010 as part of the Affordable Care Act. It created provisions that hold individuals responsible for reporting suspicion of a crime to CMS or State Survey Agency and local law enforcement. The Board agreed that this law needs to be repealed, and AHCA will work to find data that supports this position (such as the number of times CMS goes out on an invalid complaint).

Finally, there was discussion on the Quality Reporting Program (QRP). It was required by the IMPACT Act that created standard measures across PAC providers and a 2 percent penalty to Medicare rates for missing data or a failure to report. AHCA will continue to educate members on details of these measures and develop resources for members to use with hospitals and Medicare Advantage plans to understand how to interpret the results.

NCAL

NCAL Board Chair Ashley Blankenship reported on assisted living (AL) membership growth, discussed 2018 successes, and highlighted 2019 NCAL goals.

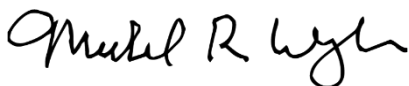
- AL membership had another year of 8% growth. NCAL maintains efforts to support specific state affiliates in growing their AL membership.
- NCAL goals achieved in 2018 include:
 - Developed resources to support Medicaid home and community-based services advocacy.
 - Developed Board-approved business cases for NCAL quality and data collection resources.
 - Provided policy solutions for workforce challenges.
- In 2019, NCAL will continue to provide opportunities for membership engagement, provide solutions for quality care, provide policy solutions, and provide solutions for workforce challenges.

Conclusion

Thank you for your hard work and commitment in 2018. It has been another challenging yet successful year. The reason for that is you, our members. As I begin my second and final year as your AHCA Board Chair, I am excited to see what we can accomplish going forward as we continue on this journey of delivering solutions and improving lives for millions.

Have a safe and happy holiday season. I will be in touch again after the New Year with updates on AHCA Board activity and what we're doing to actively represent you on our profession's vital issues.

Best Regards,



Michael Wylie
Chair, AHCA Board of Governors

If you have any questions or concerns, please contact [Julie Painter](#), Vice President, Constituency Affairs & Governance.

This message contains confidential information and is intended only for AHCA/NCAL membership. Dissemination, distribution or copying the contents of this email beyond this group is strictly prohibited.