Aligning Medicare's statutory and regulatory requirements under a unified payment system for post-acute care

Evan Christman

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MEDPAC

Introduction

- Commission's prior recommendations for a unified post-acute care (PAC) PPS
- Examine existing major statutory and regulatory requirements for PAC providers
- Developing new policies to align requirements under a unified PAC PPS
- Develop new requirements for providers electing to treat patients requiring specialized PAC

Medicare PAC settings in 2016

Setting	Skilled nursing facilities	Inpatient rehabilitation facilities	Long-term care hospitals	Home health agencies
Medicare expenditures (Billion)	$29.1	$7.7	$5.1	$18.1
Active providers	15,277	1,178	411	12,204
Volume	2.3 million stays	390,514 discharges	125,586 discharges	6.5 million 60-day episodes

- Separate payment systems for each setting result in different payments for similar patients across settings
- Each setting has specific administrative and operational requirements

Source: MedPAC Report to Congress March 2018
Data are ore preliminary and subject to revision

Commission's recommendations on unified PAC PPS

- PPS could establish accurate and equitable payments
  - Recommendation in 2016: PPS design features
- PAC PPS could be implemented sooner than contemplated in IMPACT Act
  - Recommendation in 2017: Begin implementation in 2021
- Aggregate level of Medicare payments for PAC is high
  - Recommendation in 2017: Lower payments by 5%
- Commission also recommended aligning program requirements for PAC providers

Need for alignment of provider requirements under a unified PAC PPS

- Four settings have distinct requirements
  - Requirements for benefit coverage in each setting
  - Conditions of Participation (CoPs) for Medicare providers
  - Facility criteria for IRFs and LTCHs
- A unified PAC PPS would set payments based on patient characteristics, not site of care
- Common program requirements for all PAC providers would be better aligned with goals of a unified system

Some operational and administrative requirements are relatively similar across the PAC settings

- Similar purpose or responsibilities:
  - Leadership/responsible body
  - Patient rights
  - Quality assurance
  - Compliance with federal/ state/local laws
  - Infection control
  - Licensure of clinical staff
  - Adequate staff
  - Emergency preparedness
- Requirements for institutional PAC settings
  - Physical plant/facilities
  - Pharmacy
  - Dietary services
  - Lab services

Major differences among PAC settings in select program requirements

Setting	Skilled nursing facilities	Inpatient rehabilitation facilities	Long-term care hospitals	Home health agencies
Physician supervision during PAC stay	One visit in first 30 days; one visit every following 60 days	Three visits weekly	Daily	None
Physician medical director	Yes	Yes	Yes (leader of medical staff)	No
Nursing requirements	RN present 8 hours a day (exceptions for some rural facilities)	24-hour RN presence	24-hour RN presence	RN/PT initiate care, provide and supervise services

- Facilities required to have adequate number of staff for patient volume and clinical severity (no specific ratios)

Source: MedPAC analysis of Medicare Conditions of Participation

Program requirements determining eligibility and payment for PAC

- Skilled nursing facility: Prior hospitalization of at least 3 days and requires nursing or therapy services
- Home health care: Homebound and requires nursing or therapy services
- Inpatient rehabilitation facility:
  - Facility criteria: 60 percent of patients must have 1 of 13 rehabilitation-intensive conditions
  - Case/discharge criteria: Need intensive rehabilitation (3 hours or more daily) and at least two different therapy disciplines
- Long-term care hospitals:
  - Facility criteria: Must maintain a 25-day average length of stay
  - Case/discharge criteria: Receipt of at least 96 hours of ventilator service during stay or previous 3-day stay at intensive care unit

Approaches to aligning requirements for PAC providers

- Categories and requirements should be defined by patient needs; reflect the full range of beneficiaries' PAC needs
- Common set of requirements that apply to all providers
- Separate categories for institutional and home health PAC providers
- New approach could establish general and specialized PAC requirements (tiers)

Illustrative example of first tier requirements

- Establish common requirements for institutional and home health PAC providers that treat typical patients
- Would include general requirements for institutional PAC providers (facilities, dietary services, pharmacy, labs)

Aligning clinical and staffing requirements in the first tier

- Clinical supervision/nursing requirements vary the most across settings
  - Frequency/intensity of service varies the most
  - Definition/licensure similar
- Policymakers will need to consider how to align requirements for clinical services
  - Should program require 24-hour RN coverage?
  - Require all PAC providers to have a physician medical director?
  - Frequency of physician involvement during PAC stay?

Establishing second tier of more specialized requirements

- Condition-specific requirements for providers to treat categories of patients with highly specialized care needs
- Each category would address staffing and services necessary for a condition
- Medicare could establish and update categories as clinical needs and provider capabilities change

Examples of patient categories that may require specialized care

- Ventilator or respiratory care
- High-need patients (e.g., prior ICU stay)
- Conditions that require intensive or specialized therapy (e.g., stroke, complex joint replacement, severe neurological conditions)
- Medically complex patients (e.g., infectious disease, cancer, dialysis)

Policies to ensure appropriate PAC use in a unified payment system

- Maintain homebound requirement for home health care
- Require a three-day stay for PAC to ensure appropriate use
  - However, not a requirement for HHAs, IRFs and LTCHs currently
  - Alternatives to mitigate effect of three-day hospital stay requirement:
    - Permit observation days to count towards requirement
    - Allow ACOs or entities at financial risk to waive requirement

Implementing common PAC requirements

- Near-term: Medicare could implement new requirements for domains that are relatively similar
- Concurrent with PAC PPS: Clinical staffing, specialized criteria, and other requirements that are less aligned under current policies could be implemented

Key policy issues for developing new requirements for PAC

- What requirements should be common to all PAC providers? (first tier)
  - Level of nursing
  - Physician involvement
- What groups or services should be identified for specialized criteria? (second tier)
- Ensuring appropriate use – application of three-day stay requirement
- Implementation timeline for new requirements