

## **Post-acute care: Increasing the equity of Medicare’s payments within each setting**

**ISSUE:** The Commission has two goals in analyzing the adequacy of Medicare’s payments: to assess the level of payments and to consider whether the payment system needs to be revised to more closely match payments to the cost of treating beneficiaries with different care needs. Over many years the Commission has raised concerns that one or more of Medicare’s prospective payment systems (PPS) for post-acute care (PAC) favor treating certain types of patients over others. In response to a Congressional mandate, in 2016 the Commission recommended design features of a unified payment system to pay for services in the four post-acute care settings (home health agencies, skilled nursing facilities, inpatient rehabilitation facilities, and long-term care hospitals). The Commission’s unified PAC PPS design could be used to narrow the relative profitability of payments across different clinical conditions and correct some of the shortcomings of the current payment systems.

**KEY POINTS:** The Commission will review materials presented at the December meeting that support a policy to increase the equity of payments within each setting prior to the implementation of a unified PAC PPS.

**ACTION:** Commissioners should review the materials in preparation for voting on the draft recommendation.

## **Assessing payment adequacy and updating payments: Skilled nursing facility services**

**ISSUE:** MedPAC assesses the adequacy of current payments and develops an update recommendation for skilled nursing facilities in 2019. Key questions to consider:

- Are Medicare payments for skilled nursing facility (SNF) care adequate?
- How should Medicare's payments change for fiscal year 2019?

**KEY POINTS:** We use the Commission's payment adequacy framework to discuss the payment update for SNF services for 2019. This framework considers:

- beneficiary access to care (including the supply of providers and volume of services),
- indicators of the quality of care furnished to beneficiaries,
- access to capital markets, and
- changes in Medicare costs and payments.

**ACTION:** Commissioners should review the findings in preparation for voting on the draft recommendation at the January meeting

## **Assessing payment adequacy and updating payments: Home health care services**

**ISSUE:** Each year the Commission examines measures of the adequacy of payments to fee-for-service providers, pursuant to the statutory framework.

**KEY POINTS:** We examine several factors to determine the adequacy of Medicare's payments for home health services, including access to care (supply of providers and service utilization), quality of care, providers' access to capital, and Medicare payments and costs.

**ACTION:** The Commissioners should review the draft and be prepared to discuss the update to the home health prospective payment system for 2019 at the January meeting.

## **Assessing payment adequacy and updating payments: Inpatient rehabilitation facility services**

**ISSUE:** By law, each year the Commission is required to review Medicare payment policies and to make recommendations to the Congress. The Commission asks whether payments to inpatient rehabilitation facilities (IRFs) are adequate and how they should be updated in 2019.

**KEY POINTS:** At this meeting, we will review information about the adequacy of Medicare's current payments to IRFs.

**ACTION:** Commissioners should review the findings in preparation for voting on the draft recommendation.

## **Assessing payment adequacy and updating payments: Long-term care hospital services**

**ISSUE:** By law, each year the Commission is required to review Medicare payment policies and to make recommendations to the Congress. The Commission asks whether payments to long-term care hospitals (LTCHs) are adequate and how they should be updated in 2019.

**KEY POINTS:** At this meeting, we will review information about the adequacy of current aggregate Medicare LTCH payments. We will look at information about: beneficiaries' access to care, the supply of LTCHs, changes in the volume of services furnished, quality of care, providers' access to capital, and Medicare's payments and costs.

**ACTION:** Commissioners should review the findings in preparation for voting on the draft recommendation at the January meeting.