

Assessing payment adequacy and updating payments: Hospital inpatient and outpatient services

ISSUE: By law, each year the Commission is required to assess the adequacy of hospital payments and recommend payment updates for hospital inpatient and outpatient services. This year we also address ways to align payment rates across payment systems.

KEY POINTS: Our approach for updating payments consists of two steps:

- Assessing whether current (FY 2014) payments are adequate, and
- Making a judgment about how much hospital payments should change in FY 2015.

Our determination of payment adequacy considers:

- Beneficiaries' access to care as measured by:
 - Changes in the capacity of providers
 - Changes in the volume of services
- Changes in the quality of care
- Providers' access to capital
- Medicare payments and providers' costs

We will also discuss aligning payment rates between the outpatient payment system and the physician-office payment system as well as aligning the acute-care hospital inpatient payment system and the long-term care hospital inpatient payment system.

ACTION: At the meeting, the Commissioners will discuss and vote on the draft recommendation.

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