

# Recommendations voted on by the Medicare Payment Advisory Commission

January 2010

## HOSPITAL

### Recommendation 1:

The Congress should increase payment rates for the acute inpatient and outpatient prospective payment systems in 2011 by the projected rate of increase in the hospital market basket index, concurrent with implementation of a quality incentive payment program.

### Recommendation 2:

To restore budget neutrality, the Congress should require the Secretary to fully offset increases in inpatient payments due to hospitals' documentation and coding improvements. To accomplish this, the Secretary must reduce payment rates in the inpatient prospective payment system by the same percentage (not to exceed 2 percentage points) each year in 2011, 2012, and 2013. The lower rates would remain in place until overpayments are fully recovered.

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## PHYSICIAN

**Recommendation:** The Congress should update physician payments for physician services in 2011 by 1.0 percent.

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## AMBULATORY SURGICAL CENTERS

**Recommendation:** The Congress should implement a 0.6 percent increase in the payment rates for ASC services in calendar year 2011 concurrent with requiring ASCs to submit cost and quality data.

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## DIALYSIS

**Recommendation:** The Congress should update the composite rate by the projected rate of increase in the ESRD market basket index less the adjustment for productivity growth for calendar year 2011.

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## SKILLED NURSING FACILITIES

**Recommendation:** The Congress should eliminate the update to payment rates for skilled nursing facility services for fiscal year 2011.

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## HOME HEALTH

**Recommendation 1:** The Congress should eliminate the market basket update for 2011 and direct the Secretary to rebase rates for home health care services to reflect the average cost of providing care.

**Recommendation 2A:** The Congress should direct the Secretary to expeditiously modify the home health payment system to protect beneficiaries from stinting or lower quality of care in response to rebasing. The approaches

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considered should include risk corridors and blended payments that mix prospective payment with elements of cost-based reimbursement.

**Recommendation 2B:** The Secretary should identify categories of patients who are likely to receive the greatest clinical benefit from home health and develop outcomes measures which measure the quality of care for each category of patient.

**Recommendation 3:** The Congress should direct the Secretary to review home health agencies that exhibit unusual patterns of claims for payment. The Congress should provide the authority to the Secretary to implement safeguards, such as a moratorium on new providers, preauthorization, or suspension of prompt payment requirements, in areas that appear to be high risk.

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## INPATIENT REHABILITATION FACILITIES

**Recommendation:** The update to the payment rates for inpatient rehabilitation services should be eliminated for fiscal year 2011.

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## LONG TERM CARE HOSPITALS

**Recommendation:** The Secretary should eliminate the update to payment rates for long-term care hospitals for rate year 2011.

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## HOSPICE

**Recommendation:** The Congress should update the payment rates for hospice for 2011 by the projected rate of increase in the hospital market basket index less the Commission's adjustment for productivity growth.