

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.

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

- Assessing whether current (FY 2016) payments are adequate, and
- Making a judgment about how much hospital payments should change in FY 2017.

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 beneficiary cost sharing with the cost of care and directing uncompensated care payments in proportion to hospitals' uncompensated care costs.

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

STAFF CONTACTS: Jeff Stensland, Zach Gaumer, and Craig Lisk (202-220-3700)