

Mandated report: Evaluation of a prototype design for a post-acute care prospective payment system

Carol Carter

September 29, 2022

Roadmap

- Why the interest in a unified prospective payment system (PPS) for post-acute care (PAC) providers
- Mandate
- Commission's past work
- Changes in the PAC landscape
- Challenges to implementing a PAC PPS
- Work plan for completing the mandated report

Why the interest in a unified PAC PPS?

- Overlap in the patients treated in different PAC settings, with different payment rates for similar patients
- Shortcomings in the designs of the HHA and SNF PPSs
- Different quality measures and patient assessments made comparing patient across settings difficult
- The Improving Medicare Post-Acute Care Transformation (IMPACT) Act of 2014 required:
 - Uniform patient assessment items and quality measures
 - Reports on a PAC PPS design

Mandated reports on PAC PPS designs

- Law required three reports on a unified PAC PPS
 - 1) MedPAC report submitted in June 2016
 - 2) Secretary of HHS report submitted in July 2022
 - 3) MedPAC report due June 30, 2023
- The designs must span the four PAC settings and base payments on patent characteristics, not the setting where the care was furnished
 - Note: Reports were mandated in the Improving Medicare Post-Acute Care Transformation Act of 2014

MedPAC's work on a unified payment system

Design features

- Report mandated by the IMPACT Act of 2014
- Commission issued its report in June 2016

Implementation issues

- Strong Commissioner interest to further build out how a PAC PPS would be implemented
- Commission-initiated work included in June 2017, 2018, and 2019 reports

Value incentive programs

- Mandated report (PAMA) on SNF value-based purchasing. Report issued June 2021.
- Mandated report (Consolidated Appropriations Act, 2021) on a unified PAC value incentive program. Report issued March 2022.

Note: PAMA (Protecting Access to Medicare Act of 2014)

Mandated report: Design features of a PAC PPS

Unit of service (a stay)

- Evaluated an episode-based design

Uniform base rate except HHA adjuster

- Need a HHA adjuster to prevent over-payments for HHA stays and under-payments for institutional PAC stays

Other payment adjusters

- Case mix
- Targeted rural payment policy
- Adjustment for timing of HHA stays
- Outlier policies for short stays and high-cost stays
- No IRF teaching adjustment

All design features were discussed in the June 2016 report except the adjustment for the timing of HHA stays (June 2018)

Evaluation of a PAC PPS design

Aspect examined	Conclusion
Accuracy of payments	Payments would be accurate
Equity of payments	Equity of payments would increase
Impacts	Redistribution of payments: From rehabilitation to medically complex care From high-cost to low-cost settings

Implementation issues (reports in June 2017, 2018, and 2019)

Aspect examined	Conclusion
Level of payments	Commission recommended lowering the aggregate level of payments by 5% when a PAC PPS is implemented
Transition to new payment system	Commission recommended a relatively short transition
Align regulatory requirements	Proposed a shift to patient-centered regulatory requirements
Align benefits and cost sharing	Outlined the tradeoffs inherent in aligning benefits and cost-sharing

Value incentive payment (VIP) program

- A VIP program should accompany a PAC PPS
- Two Congressional mandates on value incentive programs

SNF value-based purchasing program (June 2021)

- Analyzed the design and impacts of the program
- Recommended eliminating and replacing it with a different design

PAC value incentive program (March 2022)

- Developed a unified value incentive program
- Outlined key questions policy-makers will need to consider when designing a program

- Reports build on the Commission's principles for value-based payments

Changes in the PAC landscape that may shape the design and impacts of a PAC PPS

- New PPSs for SNF and HHA, new criteria for LTCH payments
- Impacts of COVID-19
 - Providers' costs, staffing, and service provision
 - Beneficiaries' use of PAC and their severity of illness
- Expansion of alternative payment models
 - Illustrate potential to shift PAC use to lower cost-settings and to shorten lengths of stays

Challenges to implementing a unified PAC PPS

- Aligning regulatory requirements for a new “PAC” provider
- Accurately measuring the functional status of patients
- Addressing anomalies in data from years with large COVID-19 effects on providers and patients

Despite challenges, PPS is possible

- Rationales for a PAC PPS remain
 - Providers' responses to the new HHA and SNF PPSs are consistent with those that would occur with a PAC PPS
- Our work showed that an accurate PAC PPS is feasible using existing uniform data
- The brunt of COVID-19 impacts on providers can be dampened by using a relatively recent year of data and periodic revisions

Secretary's PAC PPS prototype design



Not shown: Payments are adjusted for area wage index

- Prototype should be revised with more recent data to reflect
 - Impacts of COVID-19
 - Changes to the existing PPSs

Secretary's report on a unified PAC PPS, continued

- Estimates the model accuracy and impacts on payments to providers
- Does not include recommendations or policy options
- Includes discussions of:
 - Quality measures and a value-based purchasing program
 - Regulatory alignment
 - Aligning cost sharing

Planned analyses of the Secretary's prototype design and impacts

Design features

- Update analysis of design features
- Compare prototype to preferred features

Payment accuracy and equity

- Compare estimated payments to actual costs
- Report prototype's ability to explain cost variation

Impacts

- Examine impacts of PAC PPS payments on different types of cases and providers

Planned analyses of a PAC PPS, continued

Additional diagnostics to assess design

- Outline analyses CMS should complete when assessing a updated design using more recent data

Implementation issues

- Analyses of implementation features (level of payments, transition)
- Review complementary policies that should accompany a PAC PPS

Timetable and discussion

November 2022	March 2023	April 2023	June 2023
<ul style="list-style-type: none">• Analysis of Secretary's prototype design	<ul style="list-style-type: none">• Identify additional diagnostics• Review implementation issues• Consider draft report and recommendation	<ul style="list-style-type: none">• Final discussion of draft report• Vote on draft recommendation	<ul style="list-style-type: none">• Include chapter in June report

Discussion: Comments on proposed analytic plan
What information will you need to get to a recommendation?