

Increasing the equity of payments within each post-acute care 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: This month staff will present an approach to improve the equity of payments within each PAC setting prior to the implementation of a unified PAC PPS.

ACTION: Commissioners will discuss including the policy option in the December update presentations.