

Post-acute care: Increasing the equity of Medicare’s payments within each 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 review materials presented at the November meeting that support a policy to increase the equity of payments within each setting prior to the implementation of a unified PAC PPS.

ACTION: Commissioners should review the findings in preparation for discussion at the December meeting.

Assessing payment adequacy and updating payments: Skilled nursing facility services

ISSUE: MedPAC assesses the adequacy of current payments and develops an update recommendation for skilled nursing facilities in 2019. Key questions to consider:

- Are Medicare payments for skilled nursing facility (SNF) care adequate?
- How should Medicare’s payments change for fiscal year 2019?

KEY POINTS: We use the Commission’s payment adequacy framework to discuss the payment update for SNF services for 2019. This framework considers:

- beneficiary access to care (including the supply of providers and volume of services),
- indicators of the quality of care furnished to beneficiaries,
- access to capital markets, and
- changes in Medicare costs and payments.

ACTION: Commissioners should review the findings in preparation for discussion at the December meeting.