

Assessing payment adequacy: 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 2013) payments are adequate, and
- Making a judgment about how much hospital payments should change in FY 2014.

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 for FY 2013

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

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