

Post-acute care: Trends in Medicare's payments across sectors and ways to rationalize payments

ISSUE: The Commission has noted several issues with Medicare's four post-acute care (PAC) payment systems Medicare operates.

KEY POINTS: Medicare operates four siloed payment systems for PAC that pay different prices for similar patients even when they receive similar services. In addition, the PPSs often overpay for the services they cover, and shortcomings in some of the PPSs creates incentives for providers to select certain types of patients over others and to furnish unnecessary care to boost payments. The Commission believes that Medicare should begin to move towards site-neutral payments where there is clear overlap in the services provided, such as for certain patients served by SNFs and IRFs. In the longer run, Medicare is beginning efforts to develop a common payment system that will eliminate the current setting-based payments.

ACTION: Commissioners should review the findings and be prepared to vote on the draft site-neutral payment policy recommendation at the January meeting.

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