

Reforming Medicare's prospective payment system for skilled nursing facilities

ISSUE: Medicare payments are high relative to facility costs and have been since 2000. Earlier this year in its discussion of the recommended update, the Commission noted that it would examine the issue of rebasing Medicare payments to SNFs. The Commission has also discussed the need to synchronize policies for hospitals and SNFs to lower avoidable rehospitalizations from SNFs.

KEY POINTS: In considering the rebasing of Medicare's payments, staff will present information on trends in payments and costs, patient mix, the relationship between costs and payments, and differences in provider performance. In evaluating a rehospitalization policy, staff will present information on the factors affecting risk-adjusted rehospitalization rates, the variation in rates across providers, and features of providers with high and low rates.

ACTION: Commissioners will discuss the findings and options, which could be considered in the context of the update.

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