

MARCH 18, 2013

## **MEDPAC RELEASES REPORT TO CONGRESS, SUGGESTS BROAD REFORMS TO POST-ACUTE LANDSCAPE**

The Medicare Payment Advisory Commission's ("MedPAC") March 25th Report to Congress outlines inefficiencies they believe exist in the post-acute world and lead to excessive Medicare payments to providers. MedPAC recommendations include Congress evaluate post-acute provider reimbursement and encourage use of the lowest cost mix of services necessary to achieve the best outcomes.

MedPAC is an independent congressional agency established by the Balanced Budget Act of 1997 to advise the U.S. Congress on issues affecting the Medicare program. In addition to advising the Congress on payments to health plans participating in the Medicare Advantage program and providers in Medicare's traditional fee-for-service program, MedPAC is also tasked with analyzing access to care, quality of care and other issues affecting Medicare.

Post-acute care providers include skilled nursing facilities ("SNFs"), home health agencies ("HHAs"), inpatient rehabilitation facilities ("IRFs") and long-term care hospitals ("LTCHs"). MedPAC identified issues within these providers, including the less-than-clear delineations of who needs post-acute care, the overlap of the services different settings provide, the absence of a common way to compare quality and outcomes across settings and the lack of incentives to coordinate care among providers and safely transition beneficiaries home.

In considering means to alleviate these concerns, MedPAC recommended four broad reforms to encourage a more seamless, patient-centered approach to match services and settings to the needs of each patient. Under these reforms, payments would reflect the characteristics of the patient, not the services furnished or the setting, and would encourage the use of the lowest cost mix of services necessary to achieve the best outcomes. These reforms include bundled payments and accountable care organizations ("ACOs"); a common patient assessment instrument; the development of risk-adjusted, outcomes-based quality measures; and the alignment of readmission policies across settings.

Later this week, MedPAC's recommendations for each type of provider will be examined in greater detail.

Should you have any questions, please contact:

- Todd Selby at 317.977.1440 or [tselby@hallrender.com](mailto:tselby@hallrender.com);
- Brian Jent at 317.977.1402 or [bjent@hallrender.com](mailto:bjent@hallrender.com);
- David Bufford at 502.568.9368 or [dbufford@hallrender.com](mailto:dbufford@hallrender.com); or
- Your regular Hall Render attorney.