

JANUARY 13, 2012

## MEDPAC RECOMMENDS SIGNIFICANT SNF REIMBURSEMENT CHANGES

The Medicare Payment Advisory Commission (MedPAC) voted on Wednesday of this week to recommend to Congress a significant change in the way skilled nursing facilities (SNFs) are reimbursed under the Medicare program within the next two years.

The MedPAC recommended Congress eliminate the market basket update for the next fiscal year, and direct the Secretary (of Health and Human Services (HHS)) to revise the prospective payment system (PPS) for SNFs in fiscal year 2013.

In order to get Medicare payments "better aligned with providers' costs," the MedPAC recommended rebasing PPS, with an initial reduction of 4%, with subsequent reductions over a transition period, beginning in fiscal year 2014.

The Commission recommended Congress direct HHS to cut payments to SNFs with relatively high risk-adjusted rehospitalization rates for their Medicare-covered SNF stays.

MedPAC is an advisory body for Congress that issues formal recommendations twice a year. Previous recommendations to freeze or cut long-term care reimbursement rates have routinely been ignored by Congress, however, these recommendations are more substantial than the prior recommendations.

Should you have any questions, please contact:

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