



April 14, 2015

TO: Members, Subcommittee on Health

FROM: Committee Majority Staff

RE: Hearing entitled “Examining the current status of Post-Acute Care (PAC) and opportunities to improve delivery and access to these services”

On Thursday, April 16, 2015, at 10:15 a.m. in 2322 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Medicare Post-Acute Care Delivery and Options to Improve It.” The purpose of the hearing is to explore the current state of Medicare’s post-acute care (PAC) system and discuss opportunities to improve the delivery of, and access to, these services for our seniors.

I. WITNESSES

Panel 1

- Mark E. Miller, Ph.D., Executive Director, Medicare Payment Advisory Commission.

Panel 2

- Steven Landers, M.D., M.P.H., President and CEO, Visiting Nurse Association Health Group;
- Samuel Hammerman, M.D., M.M.M., F.C.C.P., Chief Medical Officer, LTACH Hospital Division, Select Medical Corporation;
- Melissa Morley, Ph.D., Program Manager, Health Care Financing and Payment, RTI International; and,
- Leonard Russ, Principal Partner, Bayberry Health Care, Chairman of American Health Care Association.

II. BACKGROUND

Each year, following a hospitalization due to injury or illness, millions of Medicare beneficiaries require continuing care by medical professionals in a PAC setting. PAC providers include: skilled nursing facilities (SNFs),¹ home health agencies (HHAs),² inpatient

¹ [http://www.medpac.gov/documents/reports/chapter-8-skilled-nursing-facility-services-\(march-2015-report\).pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/chapter-8-skilled-nursing-facility-services-(march-2015-report).pdf?sfvrsn=0)

² [http://www.medpac.gov/documents/reports/chapter-9-home-health-care-services-\(march-2015-report\).pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/chapter-9-home-health-care-services-(march-2015-report).pdf?sfvrsn=0)

rehabilitation facilities (IRFs),³ hospice,⁴ and long-term care hospitals (LTCHs).⁵ According to the Medicare Payment Advisory Commission (MedPAC), Medicare's payments to the more than 29,000 PAC providers totaled \$59 billion in 2013, more than doubling since 2001.⁶

The Medicare program pays each type of PAC facility a different rate, even though these facilities often are treating patients with similar medical conditions. These varying payment rates were created under the assumption that sicker patients would require costlier care in specialized facilities, which would provide more intensive and individualized care. However, advancements in technology and medical practice methods, as well as careful analysis by MedPAC and other analysts, have called into question the need for such differentiated payments. Additionally, growing concerns over the coming insolvency of the Medicare program have led some increasingly to seek methods that achieve efficiencies in the program while protecting seniors.

MedPAC has long noted the shortcomings of Medicare's fee-for service (FFS) payment systems for PAC and underscored the promise of various reforms. In March 2015, MedPAC explained that "the Commission has frequently observed that Medicare's payments for PAC are too generous and that its payment systems have shortcomings."⁷

In March, Rep. David McKinley (R-WV), Rep. Jerry McNerney (D-CA), and Rep. Tom Price (R-GA), introduced H.R. 1458, the "Bundling and Coordinating Post-Acute Care Act of 2015" (BACPAC) to reform and improve the PAC system for our nation's seniors. BACPAC would bundle PAC payments, while preserving the ability of patients, with the guidance of their physicians, to select their preferred providers of PAC services.

III. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Robert Horne, Josh Trent, and Traci Vitek of the Committee staff at (202) 225-2927.

³ [http://www.medpac.gov/documents/reports/chapter-10-inpatient-rehabilitation-facility-services-\(march-2015-report\).pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/chapter-10-inpatient-rehabilitation-facility-services-(march-2015-report).pdf?sfvrsn=0)

⁴ [http://www.medpac.gov/documents/reports/chapter-12-hospice-services-\(march-2015-report\).pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/chapter-12-hospice-services-(march-2015-report).pdf?sfvrsn=0)

⁵ [http://www.medpac.gov/documents/reports/chapter-11-long-term-care-hospital-services-\(march-2015-report\).pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/chapter-11-long-term-care-hospital-services-(march-2015-report).pdf?sfvrsn=0)

⁶ [http://www.medpac.gov/documents/reports/chapter-7-medicare's-post-acute-care-trends-and-ways-to-rationalize-payments-\(march-2015-report\).pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/chapter-7-medicare's-post-acute-care-trends-and-ways-to-rationalize-payments-(march-2015-report).pdf?sfvrsn=0)

⁷ Id.