

Opening Statement

Health Subcommittee Hearing: “Medicare Post-Acute Care Delivery and Options to Improve It”

Rep. Gene Green

April 16, 2015

Thank you Mr. Chairman.

As we know, millions of Medicare beneficiaries require continuing care in a post-acute care setting after a hospitalization.

In 2013, 42 percent of Medicare beneficiaries discharged from the hospital went to a post-acute care setting, and Medicare spent \$59 billion on these services that year alone.

Medicare program pays each type of PAC facility at a different rate.

These different payment rates were created under the notion that sicker patients would require more costly care in specialized facilities.

However, advancements in the practice of medicine, as well as thoughtful analysis by MedPAC and other independent researchers, call into question the wisdom of such differentiated payment rates.

MedPAC has long noted the shortcomings of Medicare’s fee-for-service payment systems for post-acute care.

Just last month, MedPAC reiterated that payments for post-acute care are too generous and significant shortcomings in the current structure exists.

There is broad consensus on the need for improved quality measures across post-acute care settings and a need for a more coordinated approach to care.

Unfortunately, our current system is characterized by siloes.

Patient-centered, coordinated care is not encouraged by the incentive structure.

Yet while there is agreement on the need to improve the way post-acute care is delivered and reimbursed, significant challenges have hindered meaningful reform.

This includes the lack of a uniform definition, standardized assessment information across care settings, and substantial geographic variation.

Progress has been made to address these challenges, including changes passed in to law as part of the Affordable Care Act, the IMPACT Act and most recently, H.R. 2 the Medicare Access and CHIP Reauthorization Act.

The Affordable Care Act included improvements to the post-acute care system.

As a result, Medicare is currently piloting delivery system reforms.

The Centers for Medicare and Medicaid Services is in the process of testing the concept of bundling payments for post-acute care.

Bundled payments encourage accountability for cost and quality by incentivizing only clinically-necessary care and enhanced coordination.

This has the potential to encourage more efficient delivery, break down silos, and facilitate care coordination.

The ACA also required the Home Health Prospective Payment System to be rebased to reflect more accurate factors, such as the average cost of providing care, and the mix of intensity of services.

Rebasing is currently being phased in and scheduled to be fully implemented by 2017.

These important steps will help move us to an improved post-acute care system for beneficiaries and taxpayers.

Last Congress, the “Improving Medicare Post-Acute Care Transformation, or ‘IMPACT’ Act” was signed in to law.

This legislation reflected bi-partisan, bi-cameral and stakeholder agreement that meaningful reform must be based on standardized post-acute assessment data across provider settings.

The collection of common post-acute patient assessment data to determine the right setting for patients will facilitate discussions on how to reform and improve care for beneficiaries and the Medicare system at large.

Without standardized patient assessment data, reforms to base post-acute care reimbursements on patient characteristics - rather than on service and setting-specific payment rates - will be obstructed.

There is widespread agreement that new payment and delivery models are necessary to improve our health care system and achieve better patient outcomes, population health, and lower per-capita costs.

As providers and CMS are in the process of testing new payment models, there is still much work to be done.

This work is ongoing, and now is the time to dedicate resources toward building the knowledge base to help our understanding and inform decision making.

There are many potential policies available to pursue, and using the lessons learned from recent efforts is an important first step.

This must be done before considering large-scale adoption of reform.

Simply mandating bundled payments in advance of this work would be premature.

The Bundling and Coordinating Post-Acute Care (BACPAC) Act, takes different approach from what MedPAC has considered.

Committing to any specific approach could preempt the results of pilots, and preclude CMS from utilizing the lessons learned from the IMPACT Act and pilot programs to create the most effective bundling models.

I look forward to hearing from the witnesses today and further debate on post-acute care reform.

Thank you and I yield back.