

Baseline Spending Savings Explanation

- First and foremost, the BACPAC Act does not direct the Secretary to cut reimbursement rates by [X]%. Period.
- Instead, the Act requires the Secretary to ensure that overall spending doesn't exceed [100 *minus* X]% over a 10-year period.
- How can such savings be achieved without resorting to the 'blunt force trauma' of across-the-board cuts? By achieving exactly what the BACPAC Act incentivizes: improved care coordination and the delivery of the treatment that patients need in the most cost-effective settings available.
- BACPAC's savings mechanism is intentionally designed to create a powerful incentive for improved efficiency. By improving the coordination of patients' care and delivering it in the most cost-effective settings, PAC providers will enable the Secretary to meet the savings goal without ever having to resort to rate adjustments.
- There's ample evidence that this approach will generate the projected savings. For example, the VA has operated a similar model called the Home Based Primary Care (HBPC) program, which the VA itself has documented as achieving 24% in savings* — well beyond the [X]% 'baked' into BACPAC. Further, a multi-year Medicare claims analysis conducted by the former chief of research at Medicare (Dr. Al Dobson of Dobson|DaVanzo Associates) projects that \$100 billion in savings can be achieved over 10 years through just a 7.5% improvement in "Clinically Appropriate and Cost Effective Placement" (CACEP) efficiency.