

## Ways and Means Committee Democrats

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# **Bipartisan Bicameral Effort Underway to Advance Medicare Post Acute Reform**

## *House Ways and Means and Senate Finance Release Draft Legislation*

Washington, DC - Today, Ways and Means Committee Chairman Dave Camp (R-MI) and Ranking Member Sandy Levin (D-MI) along with Senate Finance Committee Chairman Ron Wyden (D-OR) and Ranking Member Orrin Hatch (R-UT) released a discussion draft titled, [Improving Medicare Post-Acute Care Transformation Act of 2014 \(IMPACT Act of 2014\)](#). The *IMPACT Act of 2014* takes a crucial step toward the modernization of Medicare payments to post-acute care (PAC) providers and a more accountable, quality-driven PAC benefit. The draft can serve as the core building block for future Medicare PAC reforms.

Last year, Committee leaders invited interested stakeholders to submit ideas on how to strengthen post-acute care (PAC), a variety of health care services that support a patient's continued recovery from a serious illness. Post-acute care includes services in Long Term Care Hospitals (LTCHs), Inpatient Rehabilitation Facilities (IRFs), Skilled Nursing Facilities (SNFs), and Home Health Agencies (HHAs). The *IMPACT Act of 2014* is based on the policy and legislative recommendations of more than 70 stakeholders in the health care community and will help lay the groundwork for the modernization of PAC services within Medicare to ensure the program works better for beneficiaries and taxpayers alike.

Without comparable information across PAC settings, policymakers and providers cannot determine whether patients treated and the care provided in different settings is, in fact, the same or whether one PAC setting is more appropriate. Absent this information, it is difficult to move forward with PAC payment reforms.

The *IMPACT Act of 2014* requires standardized data that will enable Medicare to:

1. Compare quality across PAC settings;
2. Improve hospital and PAC discharge planning; and,
3. Use this information to reform PAC payments (via site neutral or bundled payments or some other reform) while ensuring continued beneficiary access to the most appropriate setting of care.

This bill can inform changes that the lawmakers believe will better enable Medicare patients will be able to receive the right high-quality post-acute care in the right setting at the right time. The Senate Finance and House Ways and Means Committees have jurisdiction over the Medicare program. Following today's release of the discussion draft, the Committee leaders will work with their colleagues and experts within the health care community to further improve the legislative draft, with the goal of formally introducing consensus legislation in the future.

### **Background:**

Last year, the Chairmen and Ranking Members of the House Ways and Means and Senate Finance Committees set forth an invitation to stakeholders in the Medicare post-acute care community to provide input on ideas for reforming the system. The resounding theme from the more than 70 letters received was the need for standardized post-acute assessment data across Medicare PAC provider settings.

The Medicare Payment Advisory Commission (MedPAC) first raised the need for a common PAC assessment tool in 2005. In the Deficit Reduction Act of 2005, the Centers for Medicare and Medicaid Services was first directed to test the concept of a common standardized assessment tool in the form of the post-acute care reform demonstration. MedPAC also included a recommendation to move forward with a common assessment tool in its March 2014 report.

This policy step is long overdue as the problems with the status quo are clear. Multiple analyses spotlight the wide variation in utilization in all sectors of Medicare post-acute care, as well as vast differences in Medicare and all-payer margins among providers. The substantial variation in spending, quality, and margins within the post-acute sector provides strong motivation for PAC modernization. *The IMPACT Act of 2014* moves forward on the longstanding policy goal of collecting standardized data to inform future payment reforms that can better drive quality and efficiency while protecting beneficiary access to appropriate services.

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