



Advising the Congress on Medicare issues

Assessment of payment adequacy: Skilled nursing facilities

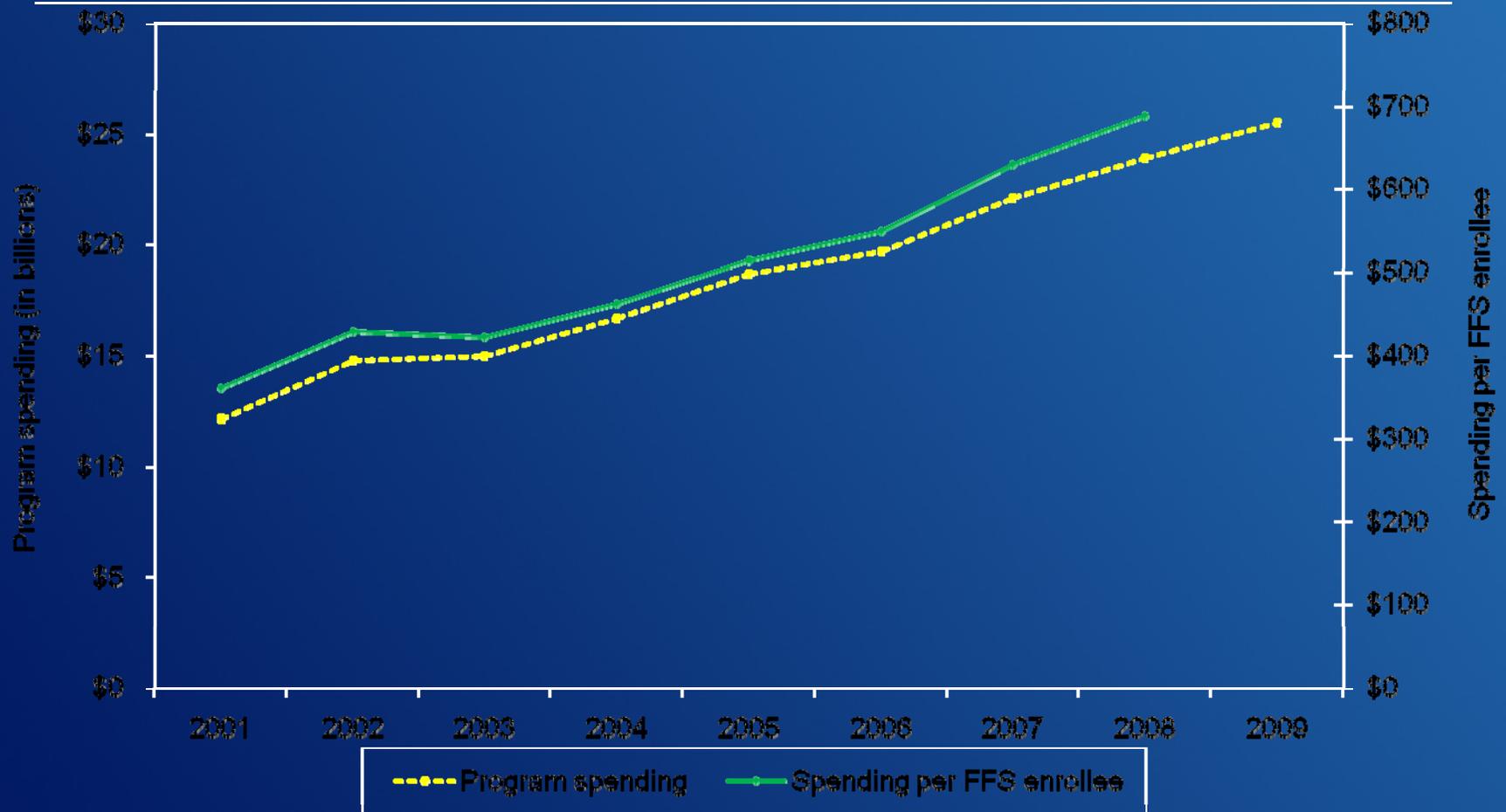
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Payment adequacy framework

- Spending
- Access
 - Supply of providers
 - Volume of services
- Quality
- Access to capital
- Payments and costs

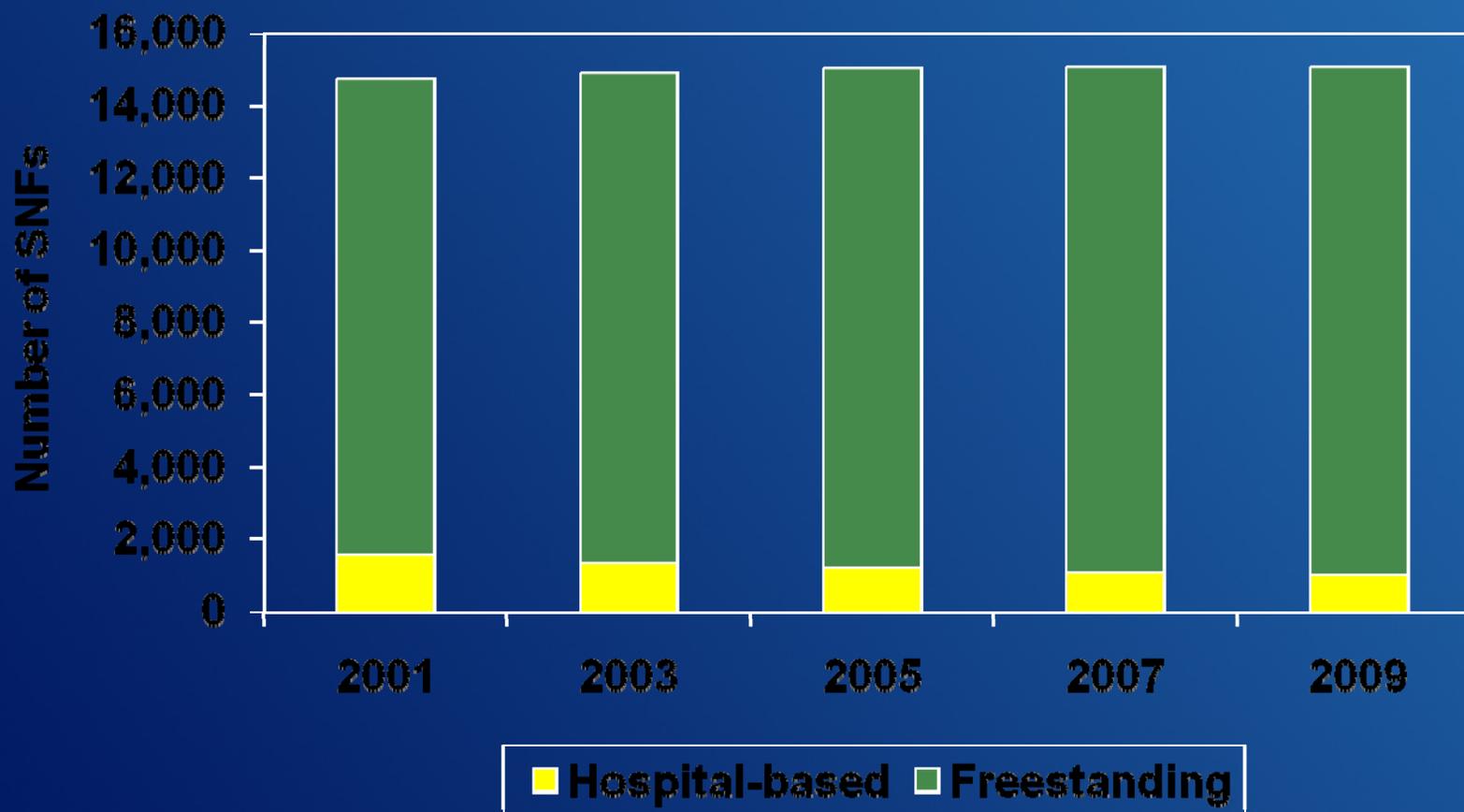
Spending on SNFs continues to increase



Data are preliminary and subject to change.

Source: CMS, Office of the Actuary.

Supply is stable, with fewer hospital-based units



Service volume increased between 2007 and 2008

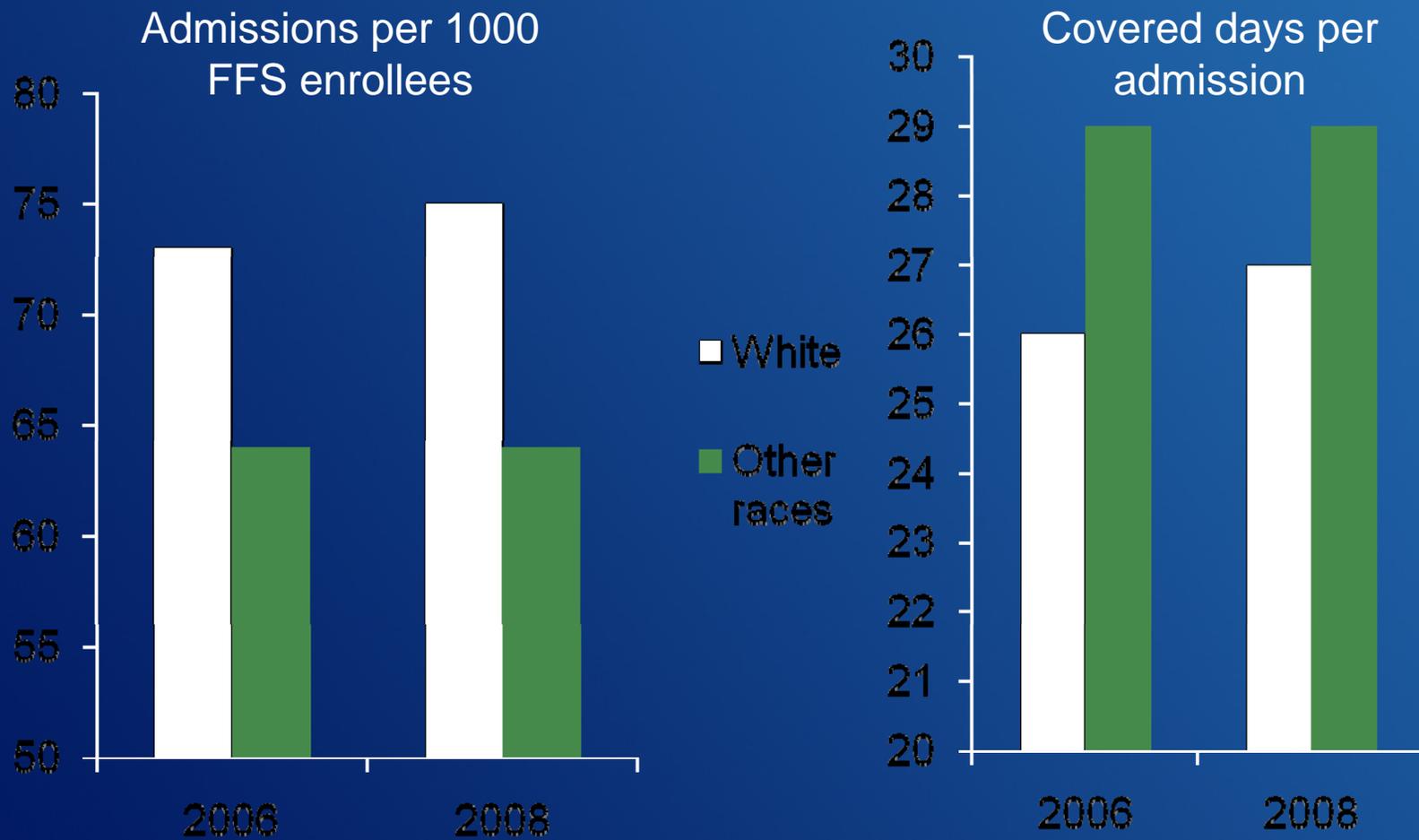
	Percent change 2007-2008
Covered days per 1,000 FFS enrollees	3.4%
Admissions per 1,000 FFS enrollees	2.3%

*Source: CMS, Office of Research Development and Information .
Data are preliminary and subject to change.*

Access remains good for most beneficiaries but concerned about subgroups

- Most beneficiaries experience little problem accessing SNF services, especially those seeking rehabilitation care
- Fewer SNFs treat medically complex patients
- Racial minorities had lower admission rates but longer stays

SNF use varied by beneficiary race



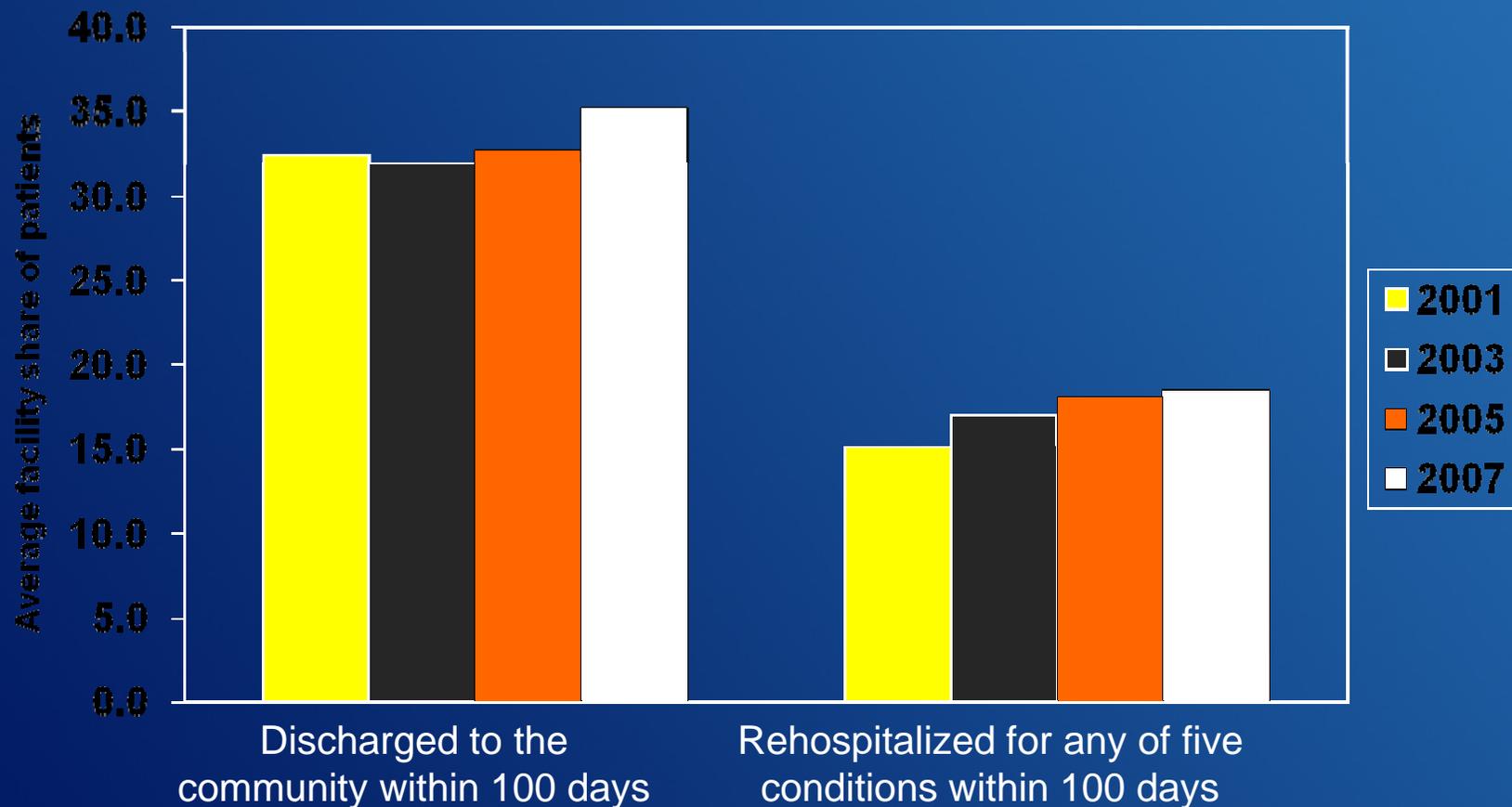
Source: CMS, Office of Research Development and Information.
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Trends in service use and previous recommendations

<u>Trend</u>	<u>Past recommendation</u>
<ul style="list-style-type: none">• Fewer SNFs treat medically complex patients	<ul style="list-style-type: none">• Add separate NTA payment to PPS• Revise therapy component
<ul style="list-style-type: none">• More and higher intensity rehabilitation days	<ul style="list-style-type: none">• Revise therapy component of PPS
<ul style="list-style-type: none">• More rehabilitation + extensive services days	<ul style="list-style-type: none">• Separately identify services furnished by the SNF

*Source: MedPAC analysis of freestanding SNF Medicare cost report data.
Data are preliminary and subject to change.*

SNF quality slowly improving since 2001



Source: Analysis of DataPro data by the University of Colorado Health Sciences Center.
Data are preliminary and subject to change.

Capital is available but uncertainties persist

- Lending is constrained but reflects uncertainties, not the adequacy of Medicare payments
- Capital is available, especially for projects that spread risk, but approval process is more demanding
- Medicare continues to be a preferred payer

Previous recommendations

- Revise the SNF PPS
 - Add a separate NTA component
 - Base therapy component payments on predicted patient care needs
 - Add an outlier policy
- Establish a quality incentive payment policy
- Publicly report other post-acute quality measures
- Require SNFs to improve the detail and accuracy of reporting