



*Advising the Congress on Medicare issues*

# Updating payments for skilled nursing facilities

Carol Carter

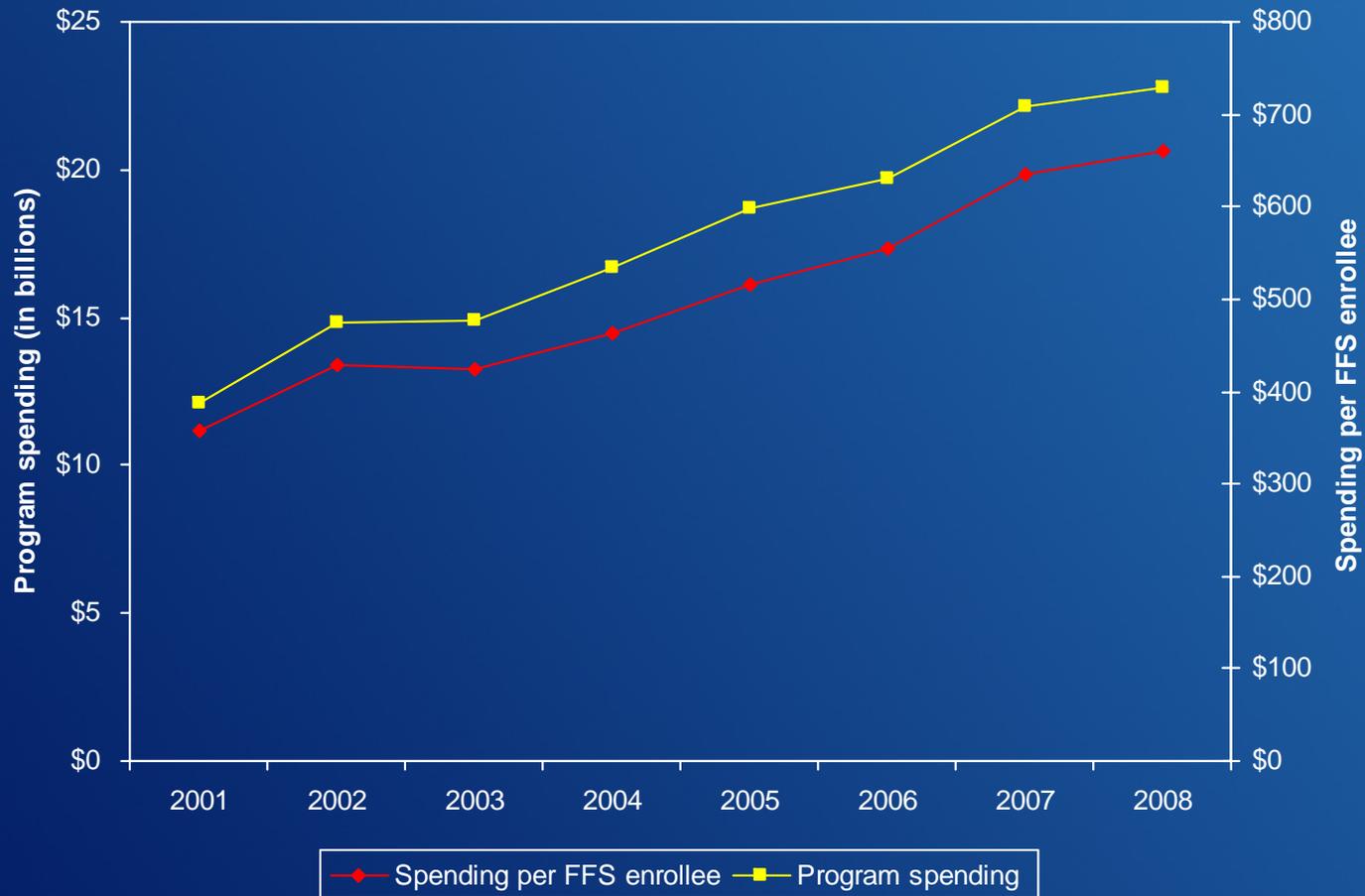
December 4, 2008

# Payment adequacy framework

---

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

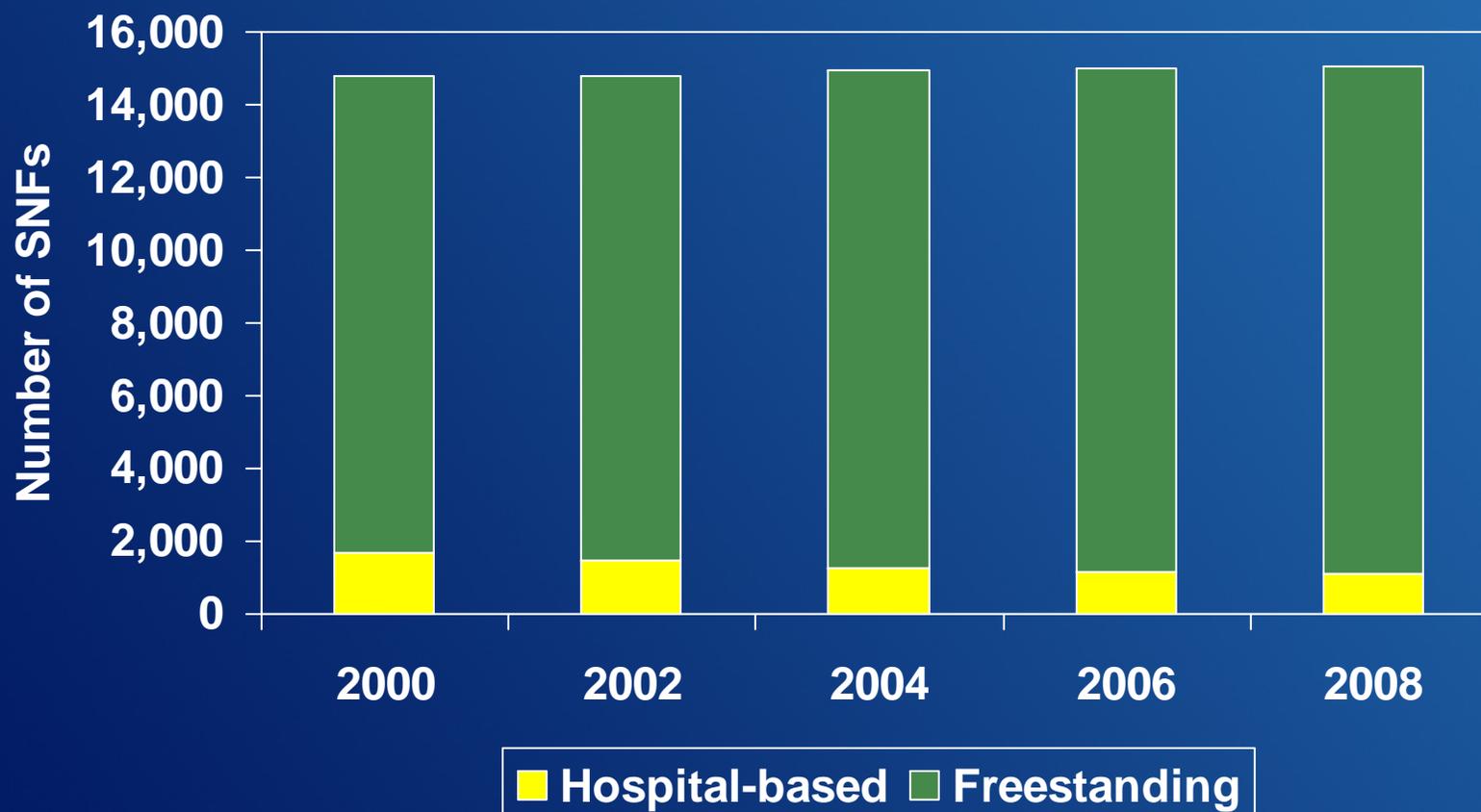
# Spending on SNFs continues to increase



*Data are preliminary and subject to change.*

*Source: CMS, Office of the Actuary. 2008 spending is projected.*

# Supply is stable, with fewer hospital-based units



Source: CMS Survey and Certification Providing Data Quickly system for 2000-2008.

## Volume has increased slightly between 2006 and 2007

---

	Percent change 2006-2007
Covered days per 1,000 FFS enrollees	1.7%
Admissions per 1,000 FFS enrollees	0%
Number of SNF users	0.1%

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

## Access remains good for most beneficiaries

---

- Most beneficiaries experience little problem accessing SNF services, especially those seeking rehabilitation care
- Delays in placement for some medically complex patients

# Trends in SNF service use

---

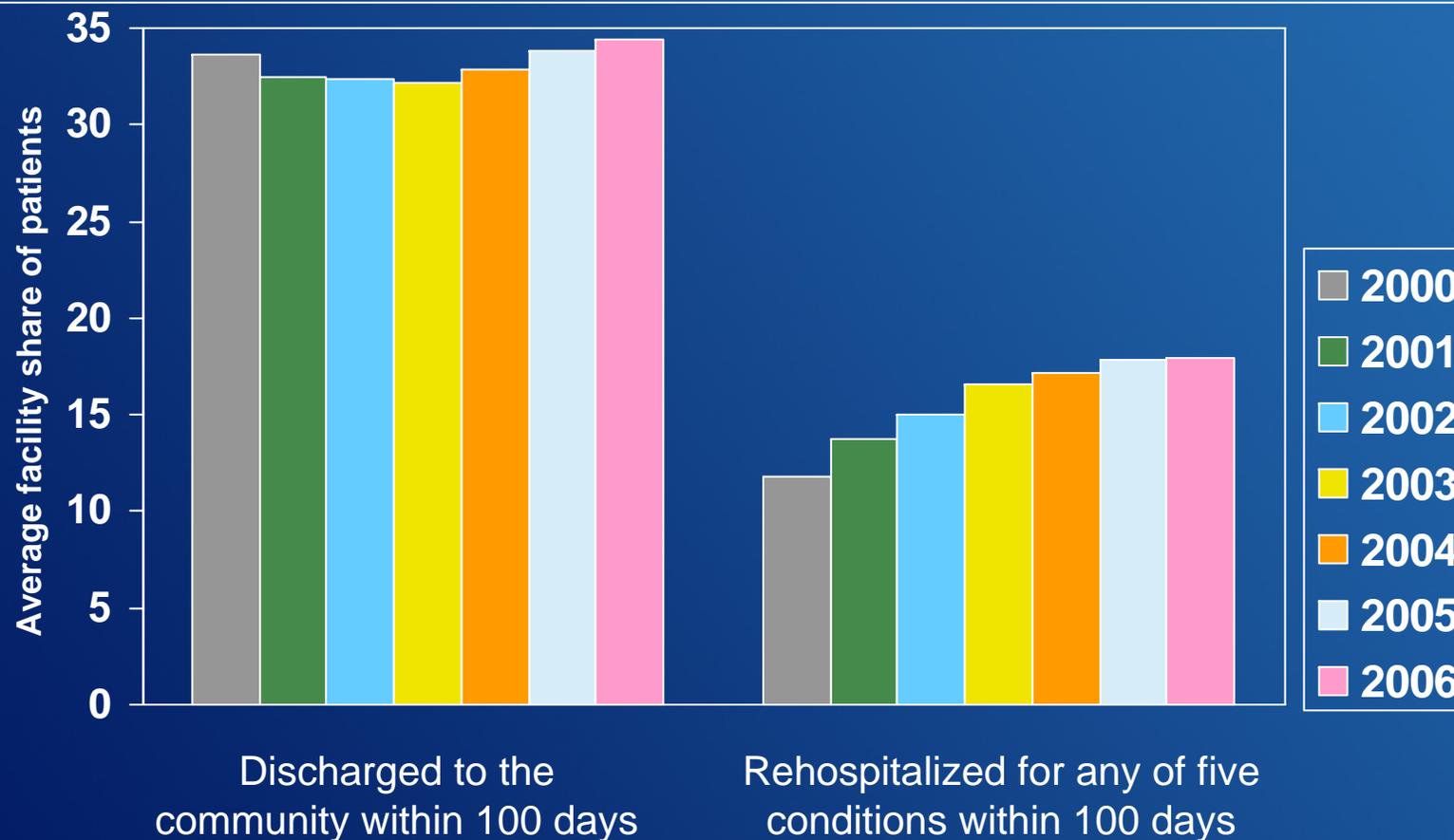
- 1) Growing concentration of special care and clinically complex cases in fewer SNFs
- 2) Rehabilitation days make up a growing share of SNF days and the therapy intensity continues to increase
- 3) A growing share of patient days qualify for the rehabilitation plus extensive services

# Past Commission recommendations that address these trends

---

- Redesign the PPS
  - Target payments for nontherapy ancillary services
  - Pay for therapy based on predicted care needs not service provision
- Require information about services furnished since admission to the SNF

# Mixed quality results for SNFs between 2000 and 2006



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

## Access to capital is tight

---

- Considerable slowdown in lending that reflects the turmoil in financial markets, not the adequacy of Medicare payments
- Capital expected to remain tight. Capital will be expensive, with more restrictive terms.
- Medicare continues to be a preferred payer.

# Differences between high- and low-margin SNFs

---

- Costs per day were one third lower
  - Longer stays
  - Higher daily census
- Payments per day were 7 percent higher
  - Lower share of clinically complex and special care days
  - Higher share of rehabilitation plus extensive service days

# Previous SNF recommendations

---

Increase accuracy and equity of payments

- ▶ Revise the PPS
- ▶ Gather better information

Link payments to patient outcomes

- ▶ Establish a quality incentive payment policy

Evaluate the value of Medicare's purchases

- ▶ Improve the publicly-reported quality measures
- ▶ Require patient assessments at discharge