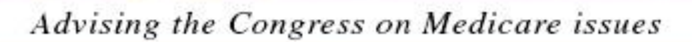

Post-acute care spending under the Medicare Shared Savings Program

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November 8, 2019

MEDPAC

PAC services are a potential opportunity for ACOs to improve care and lower spending

- About forty percent of inpatient acute care hospital discharges are followed by a PAC stay (SNF, HHA, IRF or LTCH)
- Medicare FFS expenditures exceeded $59 billion in 2017
- Wide geographic variation in use of PAC
- Overlap between PAC providers in services they offer and patients they serve
- Separate payment system for each PAC setting results in different payments even when patients are similar

Studies found ACOs had modest impact on Medicare spending

- McWilliams (2017) found that MSSP ACOs slowed the rate of spending growth for acute care hospital and PAC in 2014
  - Lower spending for growth for these services equaled a reduction of about $197 per beneficiary - about 2 percent of the average Part A and B spending per beneficiary in 2014
- MedPAC reported in June 2019 that the all-services spending growth for MSSP ACO beneficiaries was one to two percentage points lower over the 2012 to 2016 period
- These results do not include shared savings payments to MSSP ACOs

Approach to assessing the impact of MSSP ACOs on PAC spending and utilization

- Beneficiaries "switch" in and out of ACO assignment over time
- MedPAC's prior work used an "intent-to-treat" approach that compared the growth in spending for two groups enrolled in fee-for-service (FFS) from 2012 to 2016:
  - Treatment group of beneficiaries assigned to an MSSP ACO in 2013
  - Comparison group of beneficiaries not assigned to an ACO in 2013 (propensity weighted)
  - Beneficiary spending expected to increase due to aging
- Difference in spending growth between 2012 and 2016 for the two groups is the impact of ACOs
  - ACO "savings" = ACO spending increase < comparison group spending increase
  - ACO "losses" = ACO spending increase > comparison group spending increase
  - Spending measure does not include MSSP shared savings payments

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MSSP ACO beneficiaries experienced slightly slower spending growth for inpatient hospital and PAC services

	Increase in per-beneficiary spending between 2012 and 2016		Relative difference per beneficiary for MSSP ACOs between 2012 and 2016	
	Comparison group	2013 MSSP ACO beneficiaries	Relative difference in spending per beneficiary	Difference in spending as a percent of average between 2012 and 2016
Inpatient acute hospital	$1,337	$1,268	−$69	−2.3%
Skilled nursing facilities (SNF)	$655	$632	−$23	−2.8%
Home health care	$402	$396	−$6	−1.0%
Total	$2,394	$2,296	−$98	−2.2%

Note: Positive differences represent higher growth for the MSSP ACO group. Negative differences indicate lower growth for the MSSP ACO group. Expenditures do not include MSSP shared savings payments. Data are preliminary and subject to change.
Source: MedPAC analysis of beneficiary-level spending data from the CMS Chronic Condition Warehouse.

Slightly lower growth in the number of SNF stays and home health encounters for MSSP ACO beneficiaries

	Increase in PAC encounters per 100 beneficiaries between 2012 and 2016		Relative difference per 100 beneficiaries for MSSP ACOs between 2012 and 2016	
	Comparison group	2013 MSSP ACO beneficiaries	Difference in encounters	Difference in encounters as a percent of average between 2012 and 2016
All PAC services	18.0	17.8	−0.2	−0.8%
Skilled nursing facilities	4.9	4.9	Less than −0.1	−0.9%
Home health care	12.4	12.2	−0.2	−1.0%

Note: All PAC services includes skilled nursing facilities, home health care, inpatient rehabilitation facilities, and long-term acute care hospitals. Positive differences represent higher growth for the MSSP ACO group. Negative differences indicate lower growth for the MSSP ACO group. Data are preliminary and subject to change.
Source: MedPAC analysis of MedPAR and home health claims.

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Slightly lower growth in hospitalizations for MSSP ACO beneficiaries

	Increase in hospitalizations per 100 beneficiaries between 2012 and 2016		Relative difference per 100 beneficiaries for MSSP ACOs between 2012 and 2016	
	Comparison group	2013 MSSP ACO Beneficiaries	Difference in hospitalizations	Difference in hospitalizations as a percent of average between 2012 and 2016
Hospitalizations with PAC	6.5	6.4	Less than −0.1	−0.7%
Hospitalizations without PAC	4.6	4.3	−0.3	−1.9%

Note: All PAC services includes hospital discharges followed by skilled nursing facilities, home health care, inpatient rehabilitation facilities, and long-term acute care hospitals. Positive differences represent higher growth for the MSSP ACO group. Negative differences indicate lower growth for the MSSP ACO group. Data are preliminary and subject to change.
Source: MedPAC analysis of MedPAR and home health claims.

Impact of MSSP ACOs on inpatient hospital and PAC spending and utilization

- Spending increased for inpatient hospital and PAC services at a slightly lower rate for MSSP ACO beneficiaries
  - Acute inpatient hospital services accounted for most of the difference
- Frequency of SNF and home health care admission increased at a slightly lower rate for MSSP ACO beneficiaries
- MSSP ACO beneficiaries had lower growth in SNF days per capita
- Frequency of PAC use after hospital discharge did not change significantly for MSSP ACO beneficiaries

Discussion

- Why have ACOs not had a greater impact on PAC spending?
- What changes to MSSP would encourage ACOs to further reduce unnecessary PAC utilization?
- Will the shift toward two-sided risk in MSSP sufficiently improve incentives for PAC program savings?