Paying for sequential stays and aligning regulatory requirements in a unified payment system for post-acute care

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Two years' analyses culminated in recommendation in 2017

- Analyses based on 8.9 million PAC stays in 2013

Commission recommendation

- *Implement a PAC PPS beginning 2021 with a 3-year transition*
- *Lower the aggregate level of payments by 5%, absent prior reductions*
- *Concurrently begin to align regulatory requirements*
- *Periodically revise and rebase payments, as needed, to keep payments aligned with cost*

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This year's PAC PPS work

- Paying for sequential PAC stays
- Aligning setting-specific regulatory requirements

- June 2018 chapter

Establishing accurate payments for sequential PAC stays

- Many beneficiaries transition from one PAC stay to another as their care needs change
  - Most often from higher to lower intensity settings
  - Infrequently, from lower to higher intensity settings
- Over the course of sequential stays, average cost of a stay is likely to decline as a patient's care needs decline
- Under a PAC PPS, payments will be based on patient characteristics, not setting

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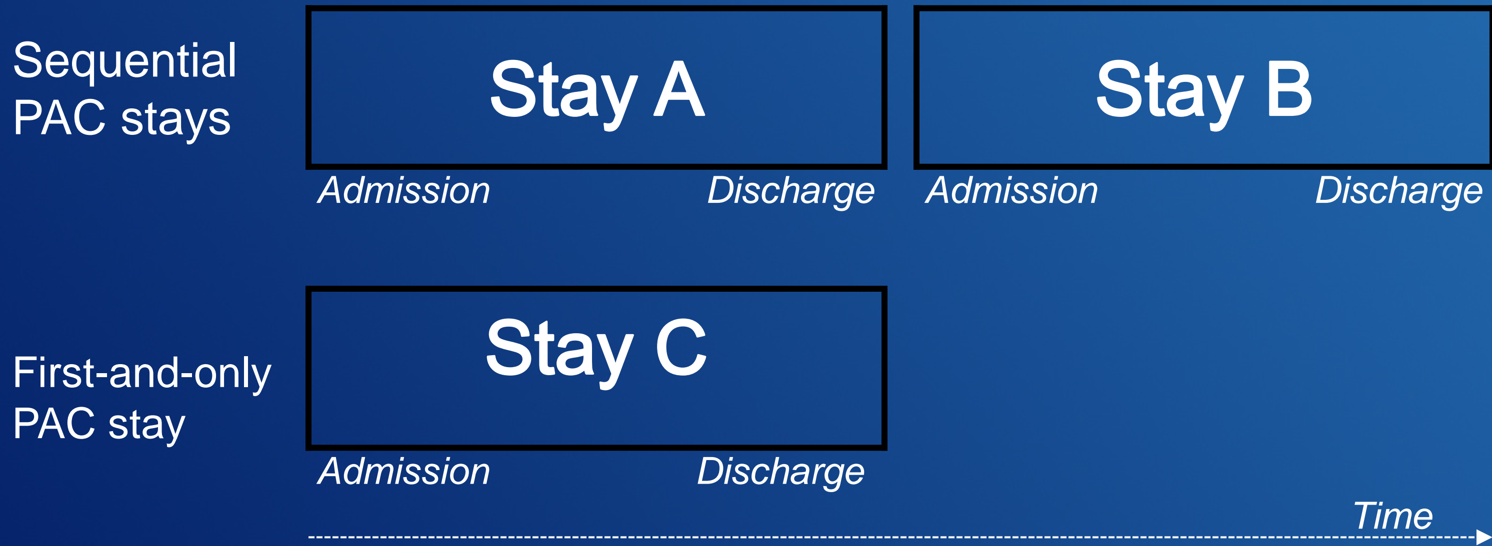
Sequence of PAC stays may affect the cost of care



- How to pay for sequential stays so that referrals to 2nd PAC use are neither encouraged nor discouraged?

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Why do we care about the costs of sequential PAC stays?

- If payments are not accurate:
  - Providers may base their care on financial reasons rather than focus on what is best for the beneficiary
  - Unnecessary PAC
    - Exposes beneficiaries to risks associated with care transitions
    - Raises program spending

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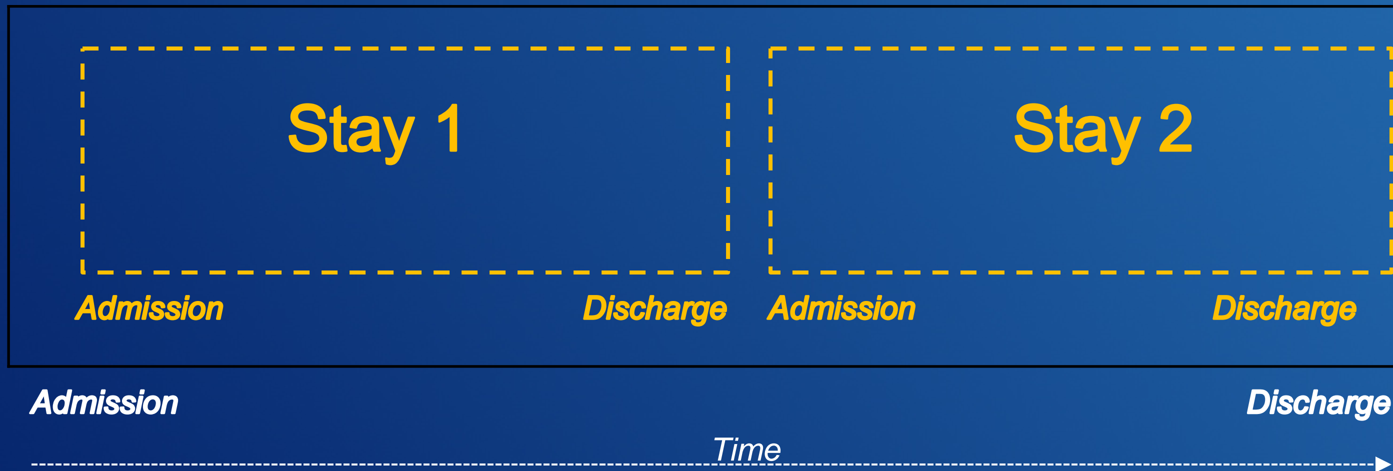
Defining sequential PAC stays when the beneficiary is treated in place



- How to accurately pay for care when providers opt to treat in place?
- How to encourage providers to treat in place when appropriate?
- How to discourage unnecessary 2nd PAC use?

Planned analyses

- Examine the cost of stays based on their timing
  - Initial stays versus later stays
  - Among initial stays, those with and without a later stay
  - Consider policies to adjust payments
- Evaluate alternative ways to delineate "stays" when a beneficiary is treated in place

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Aligning setting-specific regulatory requirements for PAC providers

- Near-term: Consider waiving certain setting-specific requirements
- Longer-term: Develop a common core set of requirements; additional requirements if providing special care

➢ To determine which policies to waive and what to replace them with, policymakers should first consider the intent and effect of current requirements

Why is regulatory reform necessary?

- PAC settings face different regulatory requirements with different associated costs
- Under a PAC PPS, providers that treat similar patients will receive similar payments and should face similar regulatory requirements
- Reform will:
  - Give high-cost settings flexibility to reduce costs
  - Give all providers flexibility to treat a broad mix of cases

Current regulatory environment

Regulations that distinguish levels of care	Regulations that limit coverage	Regulations that ensure appropriate care
• LTCH: ALOS ≥ 25 days • IRF: 60% rule	• IRF: only if beneficiary needs 2+ types of therapy and can tolerate & benefit from ~3 hours/day • SNF: only after ACH stay of 3+ days • LTCH: only after ICU stay of 3+ days or if on ventilator • HH: only if beneficiary is homebound	• Services and staffing • Patient assessment and care planning • Quality and safety • Patients' rights • Administration

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Current regulations ensuring appropriate care differ across settings

- Service and staffing requirements for LTCHs and IRFs generally more stringent and costly to meet
  - Certified as hospitals
  - Physicians integral to the provision of services
  - Require richer mix of nursing staff
- Facility-based vs. HHA requirements
- PAC vs. long-term care requirements
- Patient assessment requirements vary widely

Aligning regulations under a PAC PPS: Near term

- Eliminate regulations that distinguish levels of care
  - LTCH ALOS ≥ 25 days
  - IRF 60% rule
- Consider need for regulations that limit coverage
  - IRF intensive therapy requirement
  - SNF 3-day ACH stay requirement
  - LTCH 3-day ICU stay/ventilator requirement
  - HH homebound requirement

Aligning regulations under a PAC PPS: Longer term

- Align regulations that ensure appropriate PAC
  - Staffing and services
- Develop special requirements for certain conditions
  - Prolonged ventilator dependence
  - Intensive therapy
  - Severe wounds
  - Brain and spinal cord injury

State regulatory requirements

- States may have:
  - Different setting definitions
  - More stringent requirements, especially staffing
  - Specific requirements for facilities providing certain types of services
  - Certificate of need laws

Summary: Continued work on unified PAC PPS

- Paying for sequential PAC stays
  - Examine the cost of stays based on their timing
  - Evaluate alternative ways to delineate "stays" when a beneficiary is treated in place
  - Consider policies to adjust payments
- Aligning setting-specific regulatory requirements

Discussion

- Comments on planned analyses
- Guidance on categories of regulations that might be considered for elimination or alignment
- Other issues