

MedPAC Votes PAC

HH, SNF & IRF Should be Cut by 5%, Hospice Flay & LTCH +2.5%

While MedPAC has no Congressional authority their non-partisan payment and policy recommendations often guide Congress and CMS. We note Congressional support for Home Health (HH) with homecare funding in BBB, as a measure to ensure Health Equity and labor/staffing in high turnover fields.

The Commission yet again singled out for-profit IRF actors/margins without explicitly naming by name (EHC). COVID colors the margin and cost projection analysis, with future telehealth data collection being a theme across all providers. Recall that the *IMPACT Act* Post-Acute payment tool will be in the headlines in 2022. The end of the PHE will also be impactful for all PAC (post-acute) providers given myriad waivers granted; we expect an additional 90-day extension past Jan 1.

HOME HEALTH: -5%

- **MedPAC voted that Congress cut the Medicare base payment rate for home health agencies by -5% for 2023.** MedPAC voted that HHS require home health agencies to report the telehealth services provided during a 30-day period.
- **MedPAC predicts a 2022 Medicare margin of +17% (down from +20.2% in 2020) for home healthcare services.** Decline is attributed to Medicare payment sequester in effect in 2022 and an assumed cost growth equal to market basket for 2021 and 2022 (~3.4% per year).
- **Medicare margin for home healthcare services in 2020 was +20.2%, +21.9% with relief funds.** For relatively efficient home health agencies (HHA), Medicare margin was +24.3%. All-payer margin for 2020 was +8.1%, +9.9% with relief funds. Link to slides is [here](#).

INPATIENT REHAB FACILITIES (IRFs): -5%

- **MedPAC voted that Congress reduce the Medicare base payment rate for inpatient rehabilitation facilities by -5% for 2023.**
- **MedPAC predicts a 2022 Medicare margin of +14% (up from +13.5% in 2020) for IRF services.** Decline is attributed to Medicare payment sequester in effect in 2022 and an assumed cost growth bigger than payment rate updates.
- **Private actors in freestanding IRFs were negatively called out (EHC), though indirectly.** Commissioner Jonathan Perlin was concerned about the peanut butter approach on both free-standing and hospital based IRFs. He stated the 2 types of IRFs experience very different sets of circumstances. While supportive of reducing margins for private actors, he is concerned about the impact on hospital-based IRFs. Commissioner Pat Wang shared similar concerns and asks for more info on demographic differences of freestanding vs hospital based IRFs.

SKILLED NURSING FACILITIES (SNF): -5%

- **MedPAC voted that Congress reduce the Medicare base payment rate for skilled nursing facilities by -5% in 2023.** Non-partisan commissioners largely agreed with the recommendation as it is.
- **MedPAC predicts a 2022 Medicare margin of 14% (down from 16.5% in 2020) for SNF services.** Costs are expected to increase more than payment rate updates in 2021, 2022 and the sequester will be reinstated July 1, 2022.
- **Medicare margin for SNF services in 2020 was +16.5%, +19.2% with provider relief funds.** This is the 20th year where margins are above 10%. For relatively efficient SNFs, Medicare margins was +22.8%. “All-payer margin” for 2020 was +3%, up from +0.6% in 2019. Link to slides is [here](#)

LTCHS: +2.5% UPDATE DESERVED

- **MedPAC voted that HHS should increase the Medicare base payment rate for long-term care hospitals by the market basket minus the applicable productivity adjustment for 2023.**
- **Medicare margin for long-term care hospital services in 2020 was +3.6%, +5% with relief funds.** All-payer margin for 2020 was +4%, up from +2% in 2019.
- **MedPAC predicts a 2022 Medicare margin of +3% (down from +6.9% in 2020) for long-term care hospitals with a high share of PPS qualifying cases.** Margin decrease is attributed to elimination of temporary PHE-related policies and cost growth that exceeds payment updates.

HOSPICE = 0% UPDATE

- **MedPAC voted that Congress eliminate the update (0%) to the 2023 Medicare base payment rates for hospice and wage adjust and reduce the hospice aggregate cap by 20% for 2023.** This is the same recommendation made in January 2021. Slides are [here](#).
- **MedPAC voted HHS should require hospices to report telehealth services on Medicare claims for 2023.** Hospices are not required to report telehealth visits on Medicare claims (except for social worker calls). The lack of data impairs MedPAC’s ability to understand the extent to which telehealth visits were furnished during PHE.
- **MedPAC predicts a 2022 Medicare margin of +13% for hospice services.** Medicare margin for all hospices in 2019 was +13.4%.. Note that margins for hospices are 1 year behind due to the standard data lag in calculating aggregate cap.
- **19% of hospices exceeded the aggregate cap in 2019.** Their margins were 22.5% before cap, 19% after return of cap overage. Medicare limits the aggregate payment a hospice provider can receive annually with a cap. Cap for 2022 is \$31,298.