Keeping an Eye on MedPAC

Elise Smith, LTC Pharmacy Newsletter, November 2017

As they well know, while exploring other market opportunities, long term care pharmacies must nevertheless seek ways to enhance their value to their SNF clients, i.e., to collaborate with them if possible on effective responses to the environment facing SNFs.

As for SNFs, they are being challenged as never before. Is this statement a cliché? I think not. Indeed, the industry has survived a long-playing evolution in payment policy, outcomes policy, and quality standards. But now it faces morphing into a component of health systems care, a critical component in one or another organizational/business arrangement, subjected to the quality, outcomes and financial demands of the umbrella system – while continuing to meet its own CMS regulatory requirements.

According to Bill Kauffman, senior principal at the National Investment Center for Seniors Housing & Care (NIC),

> At the end of the day, skilled nursing facilities are going to have to play a role by proving that they can provide value within the health care system, and right now that means partnering up with hospitals, payers and even physician groups… SNFs that are able to provide quality care, achieve good patient outcomes and avoid rehospitalization are the ones that will be successful in the current and future health care landscape…Skilled nursing facilities are going to have to have data, to prove that they can … provide value to the healthcare system…[1]

Mark Parkinson, CEO of AHCA, confirmed that the operating environment has been especially tough for SNFs this past year. He attributed declines principally to lower length of stay (LOS) among post-acute patients, driven by the growth of managed care companies and accountable care organization.

> Today's successful companies are figuring out how to offer quality care in a shorter period of time, to win preferred provider status with the managed care players and ACOs. More patient volume helps compensate for less stability in census…Successful providers also tend to have a variety of service lines and some are bringing in new types of patients…[2]

It is clear that SNFs have to multi-task in their efforts to (1) meet current regulatory requirements (2) prepare for substantive modifications to those requirements (such as proposed changes to the PPS RUGs), (3) prepare for

engagement with new payment models, and also (4) think ahead – 5 to 10 years down the line. None of this is sequential. In a sense, it is all happening at once.

Some of what ultimately impacts SNFs involves the ramifications of policies applied to other provider types. SNFs need to a sense of what is happening elsewhere and LTC pharmacies need this input to help their clients. A major source and indeed developer of such policies is the Medicare Payment Advisory Commission (MedPAC) that advises Congress on payments to Medicare providers and is also tasked with analyzing access to care, quality of care, and other issues affecting Medicare. In its September meeting, MedPAC took up the issue of hospital discharge planning.[3] The session turned out to reveal important implications for SNFs.

MedPAC and Hospital Discharge Planning

The title of the hospital discharge planning session is MedPAC session *was Encouraging Medicare Beneficiaries to Use Higher-Quality Post-acute Care Providers*. As is the normal process, the MedPAC staff provided background and laid out the current state of hospital discharge planning and possible recommendations for improvement and change. MedPAC research showed that beneficiaries were by-and-large not using higher-quality-post-acute care providers. The MedPAC staff thesis was that steps should be taken to improve beneficiary choice. MedPAC Commissioners were in agreement, but their discussion reflected the myriad problems in attempting to rectify the situation given the fact that defining quality itself is far from clear and cogent.

Background:[4]

Many factors studied by MedPAC suggest that beneficiaries being discharged from the hospital need assistance in selecting a PAC provider, assistance that, for the most part, they are not receiving now. The quality of PAC provider selected can affect both beneficiaries and hospitals. Beneficiaries may experience more hospital stays and diminished health status. Hospitals are penalized for certain readmission from PAC. The quality of the SNF may affect financial results in reform programs (ACOs, bundling demonstrations).

Discharge planning is a hospital responsibility required by the BBA. The BBA requires hospitals to provide beneficiaries with a list with a list of nearby SNFs and home health agencies, but the list is not required to have quality information. **Medicare statute provides that hospitals may not recommend providers.** The IMPACT ACT created new requirements that hospitals use quality data during the discharge planning process and provide it to beneficiaries, but this new requirement has not been implemented as yet.. Medicare does not require the use of quality measures in discharge planning, and, confirmed by MedPAC, the efforts required by the IMPACT Act appear to have no certain implementation date. Allegedly, planners in addition to being prohibited form recommending a SNF are not always aware of the variations in PAC quality.

Even most of Medicare's delivery system reform programs such as or the BCPI hospital bundling program leave the existing discharge planning rules in place.

According to MedPAC, hospitals in these programs report using voluntary efforts to identity and encourage the use of higher-performing PAC providers. The CJR program, the Comprehensive Care for Joint Replacement program, is the exception, and for this program CMS had waived the standard rules and provided hospitals with explicit authority to recommend PAC providers that the hospital is working with in the program. The program had been mandatory and that apparently drove the exception policy. Presumably, demonstration authority enabled it to provide the exception. On August 8, 2017, CMS announced a proposed rule to reduce the number of mandatory geographic areas participating in the CJR model from 67 to 34 and proposed to allow CJR participants in the 33 remaining areas to participate on a voluntary basis.[5]

To assist beneficiaries in this period, Medicare has released provider level quality data for SNFs, e.g., Nursing Home Compare. It was designed to allow consumers to compare the quality of providers in their local area. However, MedPAC indicated that the data has its limitations. The measures include broad categories of patients and do not report results for specific conditions. According to MedPAC, studies have examined whether the SNF and home health data have shifted beneficiaries to higher-quality providers and generally concluded that they had little effect on referral patterns.

Recommendations:

The staff had several recommendations. They included:

- Allowing hospitals to recommend PAC providers;
- Strengthening existing requirements by recommending the following IMPACT ACT requirements
    - That hospitals use quality measures as a factor in discharge planning and
    - That hospitals be required to provide this quality data to beneficiaries;
- Creating financial incentives for hospitals and PAC providers such as expanding the Hospital Readmissions Reduction Program to apply to more conditions; and
- Implementing PAC value-based purchasing (VBP) programs for HHAs, IRFs and LTCHs.

The MedPAC Commissioners provided a wide-ranging detailed discussion of the recommendations and the complexities involved in determining post-acute quality, the need for information on clinical services on site (e.g. presence of physician or a nurse practitioner), the nature of the clinical models, and if hospitals are to be put at risk and given responsibilities for integrated care – the need to give them the tools to do so successfully. MedPAC staff will continue their work on discharge planning.

That implication for SNFs is clear on its face. - increased competition for the patients of hospitals with strong effective discharge planning, and increased pressure for further delineation of SNF "quality." Perhaps a new SNF effort should be considered for SNFs to actually help develop the tools for hospitals to

plan discharges and for the SNFs themselves -- and their patients -- to flourish under the application of these tools. The LTC pharmacy can work with its client to assist in achieving this goal.

---

[1] *SNFs Must Find Their Place in New Payment Models to Last*, Elizabeth Jakaitis, *Skilled Nursing News,* August 14, 2017, https://skillednursingnews.com/2017/08/snfs-must-find-place-new-payment-models-last/

[2] *AHCA CEO: Skilled Nursing Providers Must Branch Out to Survive*, Tim Mullaney, *Skilled Nursing News* , October 18, 2017, https://skillednursingnews.com/2017/10/ahca-ceo-skilled-nursing-providers-must-branch-survive/

[3] http://www.medpac.gov/-public-meetings-

[4] MedPAC transcript of staff presentation and Commissioner discussion, http://www.medpac.gov/docs/default-source/default-document-library/medpac-transcript-09-07-2017.pdf?sfvrsn=0

[5]*CMS proposes changes to the Comprehensive Care for Joint Replacement Model, cancellation of the mandatory Episode Payment Models and Cardiac Rehabilitation Incentive payment model; https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2017-Press-releases-items/2017-08-15.html. and 82 Federal Register 39310, August 17, 2017.*
https://www.gpo.gov/fdsys/pkg/FR-2017-08-17/pdf/2017-17446.pdf