



LeadingAge Statement on Medicare Payment Advisory Commission (MedPAC)

January 2020 Payment Update Recommendations

Skilled Nursing, Home Health and Hospice

January 16, 2020, Washington D.C. -- [LeadingAge](#), the association of mission-driven, aging-focused providers, today comments on the [Medicare Payment Advisory Commission \(MedPAC\)'s January 2020 Payment recommendations](#). LeadingAge's Aaron Tripp, Vice President, Reimbursement and Financing Policy, said:

LeadingAge, the association of mission-driven providers of aging services, strongly opposes MedPAC's recommendations for payment cuts to **skilled nursing facilities, home health, and hospice services**. With operating costs in each of these settings rising, the impact of no payment increase, or, worse, cuts, can be devastating to Medicare beneficiaries and the providers who serve them.

While MedPAC's analyses are thorough, we believe their focus on the Medicare fee-for-service reimbursement to health care providers with no apparent consideration that Medicare fee-for-service is but one source of every provider's total reimbursement stream, is short sighted and a disservice to policymakers and other stakeholders who rely on MedPAC's work. By focussing payment recommendations on Medicare-fee-for-service in isolation, without providing the full context of providers' payment streams (which, in addition to Medicare fee-for-service, often include Medicare Advantage, Medicaid, private insurance, and private pay), the Commission's conclusions related to Medicare fee-for-service payment adequacy present the very real risk of resulting in poor policy decisions. Would a physician, for instance, extract one kidney from a patient without first ensuring that the other is healthy and strong?

The challenges facing **skilled nursing providers** are growing. The complexity of residents' conditions are increasing and, at the same time, SNFs must adapt to an expanding body of burdensome regulations. Not only do these regulations lack an evidence-base for supporting quality care, they also take valuable time away from providing care to Medicare beneficiaries. What's more, with the implementation of the Patient-Driven Payment Model (PDPM), skilled nursing facilities must comply with additional requirements to ensure accurate assessments, coding, and patient-centered care plans. According to [CLA's 34th SNF Cost Comparison and Industry Trends Report](#), in 2018, for the first time since they began the trends report, the median margin for nursing homes is negative at -0.1%. The recommendation for elimination of the fiscal year 2021 payment update is, in essence, a cut

at a time of rising operating costs that adds to nursing homes' financial precariousness without helping Medicare beneficiaries in need of care.

Similarly, the recommendation of a 7% payment reduction for Medicare fee-for-service reimbursement in calendar year 2021 for **home health agencies** would almost certainly reduce access to home health care services to Medicare beneficiaries. Home health agencies, like skilled nursing providers, are adapting to a major overhaul of the payment methodology (i.e., the Patient-Driven Groupings Model (PDGM)). Given CMS included a 4.36% across the board rate reduction, despite overwhelming policymaker support of the Home Health Payment Innovation Act with 153 cosponsors in the House and 31 in the Senate, a 7% payment reduction would be devastating to home health agencies. Reducing home and community-based access through these payment reductions, coupled with the trend of nursing home closures, puts older adults with post-acute care needs at risk.

Finally, regarding **hospice**, LeadingAge objects to the recommendation of no payment update in fiscal year 2021 given the thin margins of not-for-profit providers. However, we applaud MedPAC's effort at thinking creatively about how to be more targeted in their payment recommendation related to the aggregate cap. Recommendations for payment adjustments that target specific behaviors that run counter to policy goals, as opposed to blunt approaches of across the board cuts, is a direction that LeadingAge encourages MedPAC and Congress to consider more routinely.

About LeadingAge: We represent more than 5,000 aging-focused organizations that touch millions of lives every day. Alongside our members and 38 state partners, we address critical issues by blending applied research, advocacy, education, and community-building. We bring together the most inventive minds in our field to support older adults as they age wherever they call home. We make America a better place to grow old. For more information: www.leadingage.org