New Value-Based Purchasing Bill Falls Short of Goals

The American Health Care Association (AHCA) is supportive of efforts to move to value-based payment (VBP) systems for post-acute care delivery. Value-based payments represent the best way forward to both increase quality in skilled nursing facilities (SNF) while maintaining reasonable rates of Medicare reimbursement. Given this importance, it is imperative that any value-based program be considerate of the current financial landscape in post-acute care in order to achieve its goals and become the payment norm of the future.

Unfortunately, the recently proposed Medicare Post-Acute Care Value-Based Purchasing Act of 2015 (H.R. 3298), while well intentioned, does not represent the best way forward in implementing value-based purchasing policies for SNFs and across the post-acute space. This program would place an undue financial burden on SNFs and does not create the appropriate incentives for providers to improve quality.

As written, the proposal would ultimately withhold 8% of Medicare payments and redistribute 50-70% of the withholding as an incentive pool rewarding quality improvement. This is essentially a cut to providers. An 8% withhold is far too high for SNFs, whose margins are already at a razor-thin 1.9%. Additionally, Medicare reimbursement is needed to offset the $21.20 providers lose per patient per day because of Medicaid underfunding. Putting such a large percentage of Medicare reimbursement at risk creates financial stress and uncertainty for an already strained industry. This is especially exacerbated in facilities that serve a disproportionate portion of Medicaid patients. These facilities struggle to serve a distinct population in underserved areas and lack the resources to risk such a high percentage of their reimbursement.

AHCA's support of value-based systems includes the current SNF re-hospitalization initiative, incorporated in the ***Protecting Access to Medicare Act of 2014***. This readmissions incentive program creates an incentive pool based on a 2% withhold and redistributes 50-70% to SNF providers. Unfortunately, the proposed legislation does not take this program into account and instead stacks on top of it. Operating under two distinctly different VBP programs put SNFs at a distinct disadvantage compared to other post-acute providers. SNFs should not be punished for being the first to adopt new payment methodologies when the entire sector moves to these systems.

The quality measure component of this program does not properly incentivize real, across the board improvement. The defined quality metric does nothing to evaluate real quality outcomes and instead focuses on reducing per-beneficiary cost. Any VBP system needs to have defined post-acute care quality measures that are tied to patients recovering rather simply saving. Additionally, the inclusion of a ranking metric rather than a system based on individual improvement creates little incentive for SNFs to improve collectively. If a SNF improves quality but those around it improve as well, it gets no reward for its efforts. Any value-based system needs to incentivize all providers to improve regardless of neighboring SNFs' efforts.

AHCA continues to support the movement toward a value-based payment environment. Value-based policies, however, need to focus on both cost containment as well as measurable quality advancement. While saving Medicare dollars is important, VBP policies should not put cost savings above quality patient care.

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