

Medicare and Medicaid



Issue

Medicare and Medicaid are essential sources of coverage for post-acute care and for long-term services and supports. Private long-term care insurance, which in its current form has proven inaccessible and/or unattractive for most Americans, currently covers less than 12% of all long-term care costs nationwide. Few individuals or families are able to cover the cost of long-term care out of their own income and savings.

Adequate Medicare and Medicaid reimbursement makes a major difference to providers' ability to meet the costs of recruiting, training and retaining qualified staff as well as other essential operations that ensure high quality clinical care and quality of life for residents and clients. Restrictions on Medicare payments to post-acute care providers currently include:

- A 2% reduction under the sequestration that will last through 2025.
- Cuts resulting from the "productivity adjustment factor" applied under the Affordable Care Act.
- Future cuts under the "withholding" provisions of value-based purchasing which will go into effect in FY19 according to the Protecting Access to Medicare Act of 2014.

Solutions

"Observation stays": We support legislation to correct the problem of Medicare beneficiaries being kept in the hospital for extended periods "under observation" without being admitted as inpatients. Beneficiaries in this situation do not meet the three-day stay requirement for Medicare coverage of any post-acute care they may need following their release from the hospital. They have to pay out of pocket, sometimes thousands of dollars, for the care they need or go without it.

Legislation should count any time a Medicare beneficiary spends in the hospital toward the three-day stay requirement. This is the simplest, fairest and most cost-effective way to resolve the issue.

Therapy caps: Congress must pass legislation in 2017 to repeal the arbitrary, draconian limits on Medicare coverage of medically-necessary therapy. The caps, due to go back into effect in 2018, do not allow for the amount of therapy beneficiaries may need in the event of a stroke, bone fracture, or other serious illness or injury. The caps should be repealed in favor of a more thoughtful and realistic means of ensuring against over-utilization of therapy coverage. If the caps are not repealed, Congress at least should extend the present exceptions process.

No more cuts in Medicare post-acute care reimbursement: We oppose any additional across-the-board cutbacks in Medicare reimbursement rates for skilled nursing facilities, home health care or hospice.

The annual Medicare payment update reflects the increase in costs involved in providing covered services. The cumulative payment cuts to which post-acute care providers are already subject can result in absolute payment cuts from one year to the next. More cuts would be damaging to the post-acute care system.

No new value-based purchasing initiative: The Protecting Access to Medicare Act of 2014 established value-based purchasing for skilled nursing facilities. The Centers for Medicare and Medicaid Services (CMS) has begun putting this initiative into effect.

This current initiative will "withhold" a percentage of Medicare payments to nursing homes. Nursing homes that provide high-quality care will be able to earn back part but not all of the withheld reimbursement. LeadingAge supported the concepts behind the present value-based purchasing program because it measures reduction in avoidable rehospitalizations, a measurable indication of quality.



We do not support new value-based purchasing proposals with higher “withholds” that would effectively be an across-the-board cut in Medicare payments. The payment reductions to which providers are already subject need to be taken into account. “Value,” or quality care, cannot be achieved by withholding the resources nursing homes need to hire staff and meet other essential expenses.

No restructuring of Medicare: LeadingAge does not favor proposals to fundamentally change the benefit and financing structure of the Medicare program. Proposals like “premium support” could eliminate the assurance beneficiaries now have that their post-acute care will be covered by Medicare.

Medicaid: We oppose proposals that would reduce federal Medicaid funding to the states, including per capita caps and block grants.

Contact:

Marsha Greenfield
(202) 508-9488
mgreenfield@LeadingAge.org