In MedPAC's March 2017 meeting, the Commissioners were updated on the development and implementation timeline of the proposed unified prospective payment system for post-acute care (PAC PPS). In its June 2016 Report to Congress, MedPAC found that a PAC PPS was feasible and could be implemented sooner than outlined in the IMPACT Act. The Commission also recommended design features for the PAC PPS and estimated its impact on the current system. Since then, the Commissioners have received periodic updates on its development.

During the January 2017 meeting, the MedPAC Commissioners identified **three potential implementation issues**: the implications of a transition period; the impact of aggregate payments; and the need to ensure periodic refinements to the PPS. This recent update responded to and offered recommendations to remedy these issues. First, although a transition period would dampen the changes in average payments during the phase-in period, the size and variation in payments would require a transition period; thus, the transition must be relatively short. Allowing providers to bypass the transition period was also discussed as an option, though no conclusion was reached. Second, the average PAC payment is estimated to be 14% higher than the average cost of care; thus, the level of payments should be lowered. Lastly, refinements to the PPS will be necessary, such as revising the relative payments across stays and rebasing payments if the costs of care change. The Secretary must have the authority make these changes.

Based on this discussion, the **Chairman's draft recommendations** were to: implement a PPS for PAC beginning in 2021 with a short 3-year transition (full implementation by 2024); lower aggregate payments by 3%; begin to align setting-specific regulatory requirements; and periodically revise and rebase payments aligned with the cost of care.

The Commissioners overwhelmingly agreed with the Chairman's draft recommendations, though several suggested raising the aggregate payments from 3% to 5%. For the PPS to begin to be implemented by 2021, the Commissioners guessed Congress would have to act by 2018.

The **purpose of a unified PAC PPS** is threefold: (1) it creates a uniform payment system for similar patients treated in any PAC setting; (2) it bases payments on patient characteristics, not where patients are treated; and (3) it eliminates biases in the current HHA and SNF PPSs that favor treating some conditions over others.

Other items on the March Meeting agenda: Hospital and SNF use by Medicare beneficiaries who reside in nursing facilities; Medicare Part B payment policy issues; Refining MIPS and A-APMs and encouraging primary care; Standardization issues in

premium support; and Possible impacts of premium support.

Visit the MedPAC website for more information on the Commission's mission and research, and view the agenda, brief, and presentation slide decks from the March 2017 MedPAC meeting here.