

## **The Improving Medicare Post-Acute Care Transformation Act of 2014 “IMPACT Act of 2014”**

Last year, the Chairmen and Ranking Members of the House Ways and Means and Senate Finance Committees invited Medicare post-acute care (PAC) stakeholders to provide ideas for post-acute care reform. **The resounding theme across the more than 70 letters received was the need for standardized post-acute assessment data across Medicare PAC provider settings.** The *Improving Medicare Post-Acute Care Transformation Act of 2014* (“*IMPACT Act*”) actively responds to the PAC community’s feedback and creates the necessary assessment instruments that move toward the modernization of Medicare payments to PAC providers and a more accountable, quality-driven PAC benefit. The *IMPACT Act* is the core building block needed for future Medicare PAC reforms.

**Challenges with the Medicare Post-Acute Status Quo:** The problems with the status quo are clear, as multiple analyses spotlight the wide variation in utilization in all sectors of Medicare post-acute care, as well as vast differences in Medicare and all-payer margins among providers. The substantial variation in spending, quality, and margins within the post-acute sector provides strong motivation for seeking modernization in this sector. Payment reform ideas put forth include expansion of bundled payments, site neutral payments, and value based purchasing.

**The Case for Standardized Post-Acute Assessment Data:** Standardized post-acute assessment data are the necessary building block for any subsequent payment reform across post-acute care settings and providers. **The lack of comparable information across PAC settings undermines the ability of policymakers and providers** to determine appropriate care settings for patients based on clinical evidence and quality metrics and differentiate between PAC providers. Absent this information, it is difficult to move forward with PAC payment reforms. The *IMPACT Act* acknowledges this information gap and requires collection and analyses of data that will enable Medicare to: (1) compare quality across PAC settings; (2) improve hospital and PAC discharge planning; and (3) use this information to reform PAC payments (via site neutral or bundled payments or some other reform) while ensuring continued beneficiary access to the most appropriate setting of care.

**Long Overdue Need for a PAC Assessment Tool:** The Medicare Payment Advisory Commission (MedPAC) first raised the need for a common PAC assessment tool in 2005. In the Deficit Reduction Act of 2008, the Centers for Medicare and Medicaid Services was first directed to test the concept of a common standardized assessment tool in the form of the post-acute care reform demonstration. MedPAC also included a recommendation to move forward with a common assessment tool in its March 2014 report. This policy step is long overdue.

## Highlights of the IMPACT Act:

- ***Requires Post Acute Providers to Report Standardized Assessment Data*** – Builds on existing PAC assessment tools, and requires the reporting of common data across PAC providers for purposes of patient assessment, quality comparisons, resource use measurement, and payment reform. Also requires hospitals to report patient assessment data gathered prior to discharge, providing important information for the comparison of patient status before and throughout the PAC episode.
- ***Provides Congress with New Payment Models to Consider for Future Reforms*** – Requires reports to Congress from MedPAC and the Department of Health and Human Services that utilize the PAC assessment data to build actual payment prototypes that Congress can consider for future PAC payment reforms.
- ***Protects Beneficiary Choice and Access to Care*** – Directs the Secretary to develop regulations encouraging the use of quality data in patient discharge planning while continuing to take into account patient preferences. Provides for collection of comparable information across PAC settings so that any future PAC payment reforms have the data needed to identify and ensure continued patient access to appropriate settings of care.

## Timeline of Major Deliverables in the IMPACT Act of 2014

