March 25, 2025

We collectively represent major components of the American health care provider community, and we appreciate the Ways & Means Health Subcommittee's recent attention to Medicare post-acute care policy – it is an important topic. The post-acute landscape provides a diverse set of clinical services, allowing beneficiaries to continue their recovery in settings that specialize in the particular type of care they need, including in their homes.

Long-term care hospitals (LTCHs) treat some of the highest-acuity patients facing devastating diagnoses. Inpatient Rehabilitation Hospitals and Units (IRFs) deliver intensive rehabilitation therapy and sophisticated medical care for patients facing life-changing illnesses and injuries. Skilled Nursing Facilities (SNFs) provide rehabilitation and nursing care to help medically stable patients optimize independence. And home health agencies (HHAs) enable patients to continue receiving advanced care in the security and comfort of their own homes. While our organizations represent distinct settings of care, we collectively advocate on issues that stand to have significant impact on appropriate post-acute care placements and timely access to medically necessary care.

We do not believe a unified post-acute prospective payment system (PAC PPS) would deliver more effective or efficient care for the Medicare beneficiaries that we care for. Such a system would complicate and likely disrupt patient access, not improve it. Without clear benefits for clinical care or operations, and a high risk of negative unintended consequences, we do not support the pursuit of a PAC PPS concept.

- The IMPACT Act of 2014's overarching goals of standardizing post-acute assessment data and linking Medicare payments to patient condition have been achieved via significant reforms to PAC reimbursement in the intervening 10 years.
- The complexity and care disruption concerns explicitly highlighted by CMS and MedPAC in their review of a PAC PPS prototype are real but were not covered during the Subcommittee's March hearing.
- The notion that a PAC PPS is "ready" for Congressional action is not true. CMS itself asserted that numerous, complex analyses would first need to be performed before a PAC PPS could even be tested and evaluated, let alone implemented.
- The one-size-fits-all model for post-acute care will not deliver any improvements over the existing post-acute landscape.

The primary rationale for exploring a PAC PPS concept in 2014's IMPACT Act was the prospect of basing Medicare payments on patient clinical conditions instead of on volume- based drivers, like therapy minutes and visits. CMS and Congress have engineered major changes to post-acute payment systems since that time explicitly to achieve the goal of linking payments to patient clinical characteristics. These include evolving value-based payment provisions. Indeed, Congress' Medicare advisory body, MedPAC, found in 2023 that

these post-2014 payment system changes now cover 95% of post-acute care payments.[1] For this and other reasons, MedPAC declined to endorse the PAC PPS concept in its official report to Congress.[2] CMS also formally highlighted the pitfalls and implementation challenges of a centralized one-sized-fits-all payment model in its own report to Congress, noting that a PAC PPS cannot even be tested without significant changes to the Medicare framework.[3]

The rationale offered by one witness during the recent March Subcommittee hearing was that a PAC PPS could be used to generate budgetary savings in order to offset near-term regulatory relief for various individual PAC sectors. This rationale is not in keeping with the policy premise of facilitating care improvement as envisioned by the 2014 IMPACT Act.

As innovations in care delivery are increasingly incentivized and explored, some of which flow from changes instituted via IMPACT, the PAC PPS policy concept represents an ambiguous bet that the government will develop and implement a one-size-fits-all model that provides post-acute care and services better than existing market provider systems, effectively dispensing with the specialization and local expertise that are maintained by and between providers.

Coordination between acute and post-acute providers has improved and enabled patients and their caregivers to identify recovery solutions that are tailored to their individual care needs, and incentivizing continuous improvements in care coordination across PAC and other payment models should remain the Congressional priority. We do not have any reason to believe that a single unified PAC PPS would create a better care environment for patients, and we recommend that the Subcommittee conduct the necessary research and heed myriad reports and expert accounts that have expressed concern about pursuing the concept.

Furthermore, since 2014, the portion of Medicare-eligible individuals enrolled in Medicare Advantage has grown from 30 percent to 54 percent in 2024. Of the remaining traditional fee-for-service beneficiaries, approximately half are attributed to value-based models, such as Accountable Care Organizations, that contain incentivizes to efficiently manage care. With the ongoing shifts in coverage and reimbursement, the Medicare program is not the same as it was 11 years ago when Congress enacted the IMPACT Act and asked CMS and MedPAC to explore the PAC PPS concept.

Congress' role in Medicare post-acute policy is important given the number of seniors who access post-acute services and the projected growth of PAC needs among America's aging population. Pursuing sector-specific policy changes is a worthwhile effort, and ongoing refinements leveraging advancements since 2014 are needed. We do not support a complete and categorical overhaul of the post-acute landscape in favor of a PAC PPS that is not ready for testing or implementation and risks negative impacts to care quality and patient access.

Thank you for your attention to this matter. We are available to meet with you jointly.[4]

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[1] Medicare Payment Advisory Commission June Report to Congress; Mandated Report: Evaluation of a Prototype Design for a Post-Acute Care Prospective Payment System (June 2023).
[2] *Id.* at 418; 444.
[3] Centers for Medicare and Medicaid Services Report to Congress; Unified Payment for Medicare-Covered Post-Acute Care (July 2022).
[4] The letter signatories include the following groups: American Health Care Association (AHCA); American Medical Rehabilitation Providers Association (AMRPA); Coalition to Preserve Rehabilitation Steering Committee (representing the Brain Injury Association of America, Center for Medicare Advocacy, Christopher & Dana Reeve Foundation, Falling Forward Foundation, National Multiple Sclerosis Society, and United Spinal Association); Federation of American Hospitals (FAH); LeadingAge; National Alliance for Care at Home; and National Association of Long-Term Care Hospitals (NALTH).