From Ruth Katz, Senior Vice President of Public Policy/Advocacy
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“LeadingAge strongly believes that Medicare and other programs that comprise our country’s safety net for older adults should be secured and preserved.

One of the best ways to preserve Medicare is to ensure that beneficiaries get the right services at the right time based on need.That is why CMS is rolling out a new payment system for skilled nursing homes, effective October 1. The Patient-Driven Payment Model (PDPM) will base reimbursement on services a Medicare beneficiary needs as indicated on a clinical assessment. Gone will be the opportunity for nursing facilities to capitalize on providing a high volume of expensive services.

Governor Leavitt also overlooks the growth of the Medicare Advantage managed care option. Approximately one-third of beneficiaries now are enrolled in these plans, which have built-in financial incentives to integrate services, provide them in the most cost-effective settings, and focus on patient outcomes. The number of Medicare beneficiaries opting into Advantage plans grows every year.

Medicare does have a financing problem. However, the creation of the Affordable Care Act and other trends in healthcare policymaking have in recent years resulted in numerous initiatives that reduce the growth of Medicare spending. These include the cut in the annual Medicare payment update for SNFs, the Center for Medicare and Medicaid Innovation, the promotion of managed care, etc. Under the IMPACT Act, passed in 2014, CMS is working toward clinical assessments and quality standards that would apply across all post-acute care settings, with the goal of better integrating services and providing them in the most cost-effective way. Medicare today is not the same program that Mr. Leavitt oversaw during the George W. Bush administration.

Furthermore, post-acute care is hardly the sole engine driving Medicare spending. A much greater problem, which is causing bipartisan concern among members of Congress, is runaway prescription drug costs. Escalating cost increases even for drugs

like insulin, which are essential and are routinely prescribed for thousands of people, are a problem for the health care system generally but especially for Medicare because of the number of prescription drugs people tend to need as they age. Allowing CMS to negotiate drug prices would save billions of dollars for Medicare and the health care system generally.

We disagree with him on the silos of services in long-term care. Since he left HHS, trends in policy as well as consumer preferences have moved toward more integration of services. More and more of our nursing home members and retirement communities are diversifying their services into community settings.

Finally, we note that the paper is wrong in its claim that SNFs that prevent unnecessary rehospitalizations are paid the same as those that don't. CMS, under value-based purchasing program, does penalize rehospitalizations."

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