

MedPAC APPROVES 2021 PAYMENT RECOMMENDATIONS

Congress' Medicare Payment Advisory Commission (MedPAC) recently approved 2021 payment recommendations for a variety of health sectors.

For hospitals, MedPAC will recommend that Congress update the hospital base payment rate by 2% for 2021 and also "provide hospitals with an amount equal to the difference between the update recommendation and the amount specified in current law through the Commission's recommended hospital value incentive program (HVIP)."

Hospitals had margins of about -9% for Medicare patients in 2018, according to MedPAC staff, which rationalized the recommendation would maintain high enough pay to keep access to care for Medicare beneficiaries while also continuing financial pressure to limit hospital cost growth, minimize the different in payment rates across sites of care, reward high performing hospitals and move Medicare pay toward the cost of efficiently providing high quality care.

Current law includes a 2.8% pay raise for hospitals in 2021, and MedPAC's recommendations would offer slightly more than that, provided the HVIP was also implemented.

Commissioners asked what would happen if the HVIP is not implemented, and Chair Francis Crosson said that the default would be a full 2.8% hospital pay update to the base rate. Some commissioners said MedPAC should be clear it would support the full update if the quality program isn't adopted by Congress.

For doctors and others under the physician fee schedule, MedPAC recommends Congress stick with current law, which under the Medicare Access and CHIP Reauthorization Act provides no update for physicians in 2021.

Some commissioners raised questions about how MedPAC could recommend a relatively large hospital pay update and no pay raise for physicians, but the recommendation was approved with no opposition. Commissioner Karen DeSalvo supported the recommendation but said MedPAC needs to take another look at the issue and get a better handle on physicians' costs, particularly around the costs of implementing MACRA's Quality Payment Program and bonuses physicians are earning from the Merit-based Incentive Payment System and alternative payment models.

The commission will recommend HHS require cost data reporting for ambulatory surgical centers, and, in the absence of cost report data, eliminate any pay raise for 2021. ■