



## **The Medicare Post-Acute Care Value-Based Purchasing Act of 2015**

On October 6, 2014, the Improving Medicare Post-Acute Care Transformation (IMPACT) Act was signed into law. A product of a bipartisan partnership, the IMPACT Act set the course for the future of post-acute care in the Medicare program. The Medicare Post-Acute Care Value-Based Purchasing Act or the “PAC VBP Act of 2015” is the next iteration of the IMPACT Act. Through another bipartisan partnership, the PAC VBP Act addresses the well-documented concern of geographic variation in the Medicare program.

In its 2013 report,<sup>1</sup> the Institute of Medicine found that “variation in total Medicare spending across geographic areas is driven largely by variation in the utilization of post-acute care services.” To address this variation in post-acute services, the PAC VBP bill focuses performance around one quality metric—the Medicare Spending per Beneficiary measure. The PAC VBP bill establishes a shared incentive pool across four uniquely distinct settings in Medicare—home health agencies, skilled nursing facilities, inpatient rehabilitation facilities and long-term care hospitals.

All four post-acute settings will compete with each other to earn bonus payments. In addition to incentivizing top individual provider performance, the PAC VBP bill incentivizes providers to partner with other providers within the same region to drive down geographic variation.

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<sup>1</sup> <http://iom.nationalacademies.org/Reports/2013/Variation-in-Health-Care-Spending-Target-Decision-Making-Not-Geography.aspx>