

Support Legislation to Improve Home Health Payment Reform to Protect Services for America's Seniors

Partnership for
Quality Home
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The Bipartisan Budget Act of 2018 (BBA) requires Medicare to develop a new payment model for the home health benefit in 2020. Under the BBA, the transition to the new payment model must be budget neutral and achieves this goal by permitting Medicare to adjust payment rates based on provider behavioral changes. The Centers for Medicare & Medicaid Services (CMS) has proposed cutting Medicare payment rates in 2020 by 6.42% or over \$1 billion in the first year alone based purely on assumptions of behavioral change.

The home health community fully supports efforts to strengthen the current payment system by implementing a new system that better aligns payment with patient characteristics and quality. However, we have the following concerns:

- **ACCESS TO CARE FOR FRAIL ELDERLY COULD BE COMPROMISED:** Significant payment rate cuts that are based on mere assumptions of potential provider behavioral changes destabilize home health services creating clear risks for access to home health care for Medicare beneficiaries. This is especially true when combined with a dramatically restructured payment model.
- **ARBITRARY WINNERS AND LOSERS:** The proposed new payment model changes all aspects of the current system and results in more than one-half of home health agencies (HHAs) expected to experience significant Medicare reductions even without the behavioral change adjustment.
- **ASSUMPTION-BASED RATE REDUCTIONS COULD LEAD TO A DROP IN THE USE OF SERVICES:** The home health community has experienced the dire effects of assumption-based rate reductions through prior payment reform efforts. The result? Use of home health by America's seniors dropped by millions, with the closure of thousands of home health agencies.
- **LACK OF AN EVIDENCE-DRIVEN APPROACH:** CMS recently rejected assumption-based rate adjustments for Skilled Nursing Facilities (SNFs) under a new payment model, concluding that it did "not have any basis on which to assume the approximate nature or magnitude of these behavioral responses." Inconsistent with this, CMS has provided no rationale for its current behavioral assumption rate cuts. Further, no guardrails or protections have been provided for how the behavioral assumptions are applied.

BIPARTISAN LEGISLATIVE SOLUTIONS ARE BEING DEVELOPED:

1. Requires Medicare to institute rate adjustments only after HHA behavioral changes actually occur, basing any behavioral adjustment on real "observed evidence."
2. Ensures Medicare budget neutrality but requires the phase-in of any necessary rate increases or decreases to be no greater than 2% per year to limit the risk of disruption in care.