Support Home Health Payment Reform Legislation to Support America's Seniors

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New Payment System for Home Health: Legislation is needed to refine home health provisions included in the Balanced Budget Act of 2018 (BBA) that require Medicare to develop a new payment model for the Medicare home health program. The new model will be **budget neutral**, the payment system shall be based on a **30-day unit of service**, and the therapy thresholds shall be eliminated in the case-mix adjustment. Home health providers welcome a better payment model that aligns payment to patient characteristics.

CMS Final Rule to Cut Home Health by $1 Billion in 2020: CMS outlined the structure of the new payment system (called PDGM – Patient Driven Groupings Model), which will likely put into place a 6.42% "behavioral assumption" payment reduction for CY 2020. This possible one-year reduction could reduce payments in the Medicare Home Health Program by an estimated $1 billion in 2020, causing instability to all providers, threaten access to care, and harm the Medicare home health program for seniors. The home health community believes Congress did not intend for home health to be cut by $1 billion in 2020. The Congressional Budget Office estimated the new payment system would have **no effect** on federal spending.

What is a "Behavioral Assumption" Cut? Without any data or evidence, CMS makes assumptions or guesses about provider behavior in a new payment system. Simply, CMS assumes that providers systemically will change their coding to maximize payment in a new model. There is no evidence to support this assumption. In fact, CMS' own analysis of home health payments (CMS' 2017 Fee-for-Serve Supplemental Improper Payment Data Report) indicates that improper payments due to incorrect coding was zero dollars. This is in direct contrast to CMS' assumptions about provider behavior in the new payment system. No data or evidence warrants a 6.42% ($1 billion) cut to home health providers.

Congress Agrees a Behavioral Assumption Cut (without evidence) to Home Health is Unwarranted: Legislation should require CMS to use actual data, "observed evidence," before making behavioral assumptions in the payment system. Legislation should also reinforce the need for a new model to be budget neutral and limit an agency's losses or gains to 2% per year.

The Home Health Payment Model Should Be Treated Like Other Payment Systems: A behavioral assumption cut without data is not sound payment policy. CMS, in issuing the Skilled Nursing Facility (SNF) model, refused to make assumptions about provider behavior, stating that it would "not make any attempt to anticipate or predict provider reactions to the implementation of the proposed [payment model]." CMS declined to make assumptions about such behavior in the SNF system because it "lack[ed] an appropriate basis to forecast behavioral responses." Other payment systems have included behavioral adjustments that were extensively researched including the hospital sector (general acute care and long-term acute care hospitals transitioning from DRGs to MS-DRGs in FY 2008), and the Inpatient Rehabilitation Facility PPS implementation in 2002 which included a modest, evidence-based behavioral assumption reduction. The home health payment model should be treated in the same way as other payment models: by using a data-driven approach to behavioral assumptions.