

# ACTION NEEDED: Refine New Medicare Home Health Payment Model

Partnership for  
Quality Home  
Healthcare

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CMS plans to implement a completely new payment model for home health services in 2020. That model is known as the Patient-Driven Groupings Model or PDGM. The Bipartisan Budget Act (BBA) of 2018 requires the new model to be budget neutral while changing from a 60-day payment unit to a 30-day payment unit. In addition, the new model under BBA must not use the volume of therapy visits as a payment level determinant in contrast to the HHPPS model in effect since October 2000.

In devising a model that is budget neutral, BBA permits Medicare to apply “behavioral adjustments” to account for changes in provider behavior unrelated to changes in patients served that increase payments. CMS has used this authority to institute an adjustment in the first year of PDGM based solely on assumptions of behavior change that might occur. Medicare has suggested that the adjustment would mean a 6.42% base rate reduction that would start before any actual behavioral changes occur. This reduction would translate to a \$1 billion reduction in home health payments in 2020.

NAHC and the Partnership strongly support S. 433, introduced by Sen. Susan Collins (R-ME) and a bipartisan group of her colleagues including: Sens. Debbie Stabenow (D-MI), John Kennedy (R-LA), Bill Cassidy (R-LA), Rand Paul (R-KY), Doug Jones (D-AL), and Jeanne Shaheen (D-NH). This important legislation would:

1. Achieve full budget neutrality over the period of 2020-2029
2. Prohibit any pre-change rate reductions based on assumptions
3. Require behavioral adjustments based on real, actual changes in provider behavior that reflect provider behavioral changes in response to the new payment model rather than changes in the patient population.
4. Permit a phase-in of rate adjustments (up or down) when an annual adjustment would be greater than 2 percent. However, the phase-in would operate to ensure full budget neutrality by 2029.
5. Permit MA Plans and CMMI innovations to waive the “confined to the home” requirement under the Medicare home health services benefit when in the best interest of the Medicare beneficiary.

The legislation represents a revised version of S. 3458 and S. 3545 from the 115th Congress. The revisions are intended to ensure full budget neutrality in response to CBO concerns.

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