

# ACTION NEEDED: Refine New Medicare Home Health Payment Model

Partnership for  
Quality Home  
Healthcare

THERE'S NO PLACE LIKE HOME



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 Home Health Perspective Payment System (HHPPS) model in effect since October 2000.

In devising a model that is budget neutral, BBA mandates Medicare to apply “behavioral adjustments” to account for changes in provider behavior unrelated to changes in patients served or services delivered 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. In its HHPPS Proposed Rule for 2020, Medicare suggests an 8.01% base rate reduction adjustment – up from the previously proposed 6.42% reduction – that would start before any actual behavioral changes occur. This reduction would translate to a \$1.298 billion reduction in home health payments in 2020 alone.

NAHC and the Partnership strongly support the Home Health Payment Innovation Act (S. 433 & H.R. 2573), which was introduced with bipartisan support in both the House and Senate. 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 in response to the new payment model.
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.

**CONGRESS: CO-SPONSOR THE HOME HEALTH PAYMENT  
INNOVATION ACT (S. 433 & H.R. 2573) TO SUPPORT  
HOME HEALTH FOR AMERICA'S SENIORS**

[PQHH.org](http://PQHH.org)

[NAHC.org](http://NAHC.org)