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October 1, 2020

The Honorable Seema Verma  
Administrator  
Centers for Medicare and Medicaid Services  
U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Administrator Verma:

I write to request that you revisit the calculation of the “behavioral assumption” rate reduction in the home health payment system and consider eliminating the proposed 4.36 percent reduction for calendar year (CY) 2021. At a time when skilled and compassionate home-based care is more important than ever, I appreciate the work that the Centers for Medicare and Medicaid Services (CMS) has done to recognize the significant value the Medicare home health benefit provides to seniors and individuals with disabilities. I am concerned that continuing this payment rate reduction in 2021 could affect continued access to home health care services.

The *Bipartisan Budget Act of 2018* required CMS to modify the Medicare home health prospective payment system by applying a 30-day episode of care for home health reimbursement and implementing an alternate case-mix adjustment, effective January 2020. The law required CMS to ensure budget neutrality of this new payment system by applying an adjustment to the 30-day payment amount to offset anticipated changes in provider behavior. CMS is also required to annually review differences between assumed behavior changes and actual behavior changes to determine whether to adjust the standard prospective payment amount.

In the CY 2020 home health proposed rule, CMS assumed that home health agencies would modify their diagnosis coding and service utilization behavior in the aggregate by eight percent in the first year of the new payment system and proposed an eight percent reduction to the 30-day payment rate to offset this behavior change. Following calls to revisit this decision, CMS revised these assumptions and ultimately finalized a behavior change assumption adjustment of 4.36 percent for CY 2020.

I appreciate CMS’ decision to revisit the calculation of the behavioral assumption and reduce the size of the proposed payment rate reduction for CY 2020. I am concerned, however, that CMS has proposed to continue applying the 4.36 percent reduction to CY 2021 home health payments, despite acknowledging in the proposed rule that “it would be premature to release any information related to these issues based on the amount of data currently available and in light of the current public health emergency.”

As the sponsor of the *Home Health Payment Innovation Act of 2019*, I continue to believe that CMS should base these behavioral adjustments on observed evidence, rather than on assumptions of potential provider behavioral changes, and that any necessary rate increases or decreases should be phased in to limit the risk of disruption in care. I am aware that while CMS believes it does not yet have

sufficient data to recommend changes to the behavioral adjustment, a third-party analysis of Medicare claims data indicates that in the first four months of 2020, home health spending was significantly lower than projected, and a subsequent analysis of May and June claims data indicates that these trends have continued.

In light of the lack of definitive data supporting the 4.36 payment reduction and a subsequent third-party analysis suggesting that Medicare home health spending is trending below projections, CMS should revisit the calculation of the behavioral assumption rate reduction. In particular, I request that CMS reevaluate its proposal to carry forward behavioral assumptions developed well before the start of the COVID-19 public health emergency and consider eliminating the 4.36 percent behavioral assumption rate reduction for CY 2021. As we look for ways to ensure that the pandemic does not create devastating long-term health consequences due to delayed care, it is critically important that CMS avoid undue payment cuts that could threaten access to home health care services for vulnerable seniors and individuals with disabilities.

Thank you for your consideration as you craft final home health payment policy for 2021. If you have any questions about this request, please do not hesitate to contact me or have your staff contact Lara Rosner at 202-224-5364. I look forward to continuing to work with you to support and strengthen the Medicare home health program.

Sincerely,

A handwritten signature in blue ink that reads "Susan M. Collins". The signature is written in a cursive, flowing style.

Susan M. Collins  
United States Senator