

Home Health Market Basket Forecast Underpaid Providers Struggling to Keep Up with Costs of Care



The Partnership for Quality Home Healthcare and the National Association for Home Care & Hospice requested CMS make a one-time correction of the market basket forecast error to ensure that actual price inflation during the years of 2021 and 2022 is reflected in reimbursements to providers. This is needed due to significant volatility in the economy and unprecedented surge in labor costs during 2021 and 2022 resulting in a shortfall in the annual payment rates to home health providers during those years.

PQHH and NAHC believe that the unprecedented magnitude of the forecast error for 2021 and 2022 warrants special consideration to avoid significant long-term underfunding of the home health benefit and to address ongoing workforce challenges and staffing shortages.

Correcting the Underfunding of the Market Basket Adjustment Will Assist Providers in Caring for Medicare Home Health Patients

Home health providers are experiencing significant Medicare reimbursement constraints, including reductions in fee-for-service payments and increasing enrollments in Medicare Advantage, which provides comparatively low payments. While the annual Market Basket Adjustment is meant to keep pace with inflation, actual price inflation in the market has not been reflected in the forecasts of the market basket updates applied for home health payments in Calendar Years (CY) 2021 and 2022. **This shortfall has underfunded the Medicare home health program by 5.1 percent, exacerbating an already fragile economic environment in the home health sector, which is having negative consequences for patients seeking home healthcare.**

Home Health Market Basket for 2021 & 2022 – Forecast versus Actual

Year	Forecast/Update	Actual	Shortfall
2021	2.3%	4.2%	1.9%
2022	3.1%	6.2%	3.2%
Cumulative			5.1%*

*The actual cumulative compounded forecast error over the two-year period is 5.3 percent.

CMS: Refine Market Basket Forecast to Reflect Cost of Care

The home health community has asked CMS to address the underfunding of home health payments to ensure patient access to the services they need. This means refining market basket forecasts for future updates to ensure they accurately reflect the rising costs of care delivery in the years ahead.

PQHH & NAHC call on CMS to apply a one-time correction to account for the significant forecast error in CYs 2021 and 2022. These solutions will improve patient access to home health by allowing providers to hire and retain more staff and appropriately cover the costs of the critical in-home services millions of beneficiaries depend on each year.

CMS: Correct Home Health Market Basket Forecast Payments for 2021 & 2022