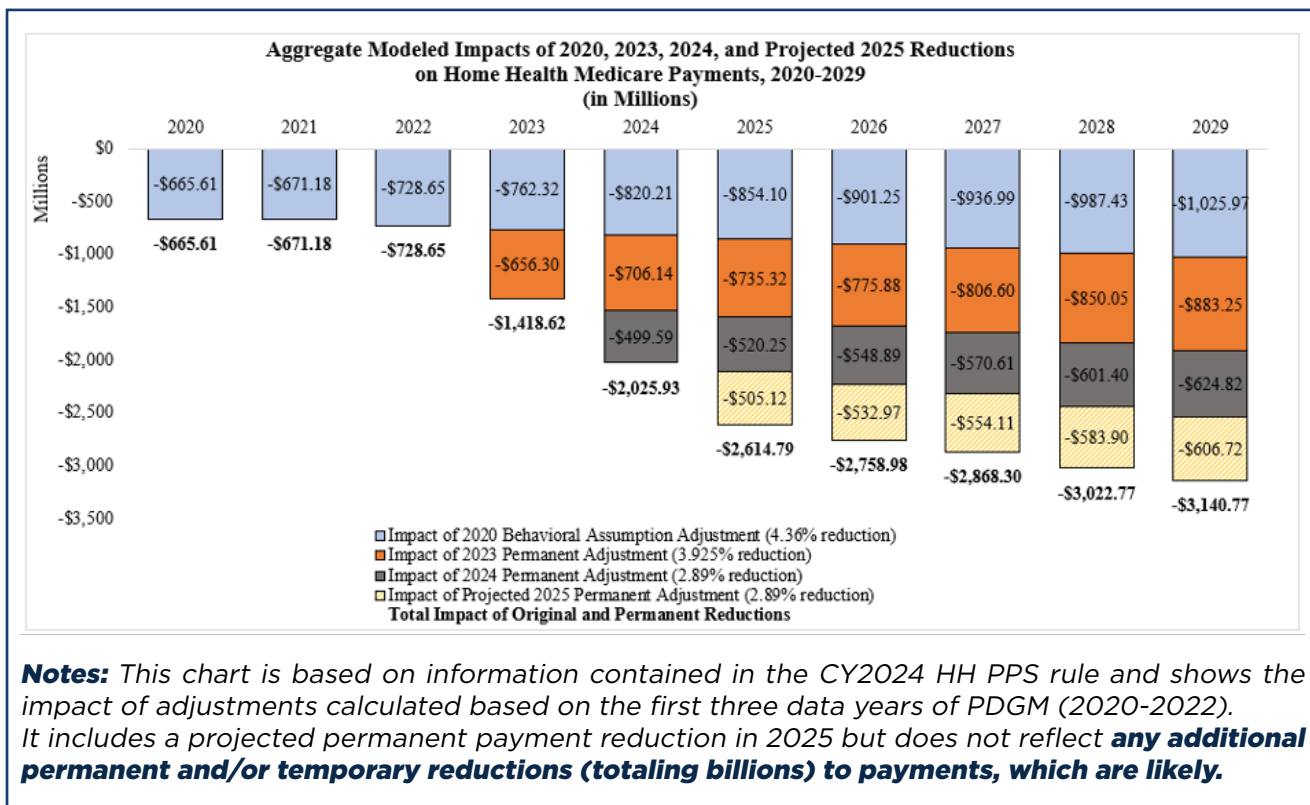


The Medicare Home Health Program Has Been Cut Enough

Years of Cuts to Home Health Have Taken a Devastating Toll on Access to this Vital Benefit

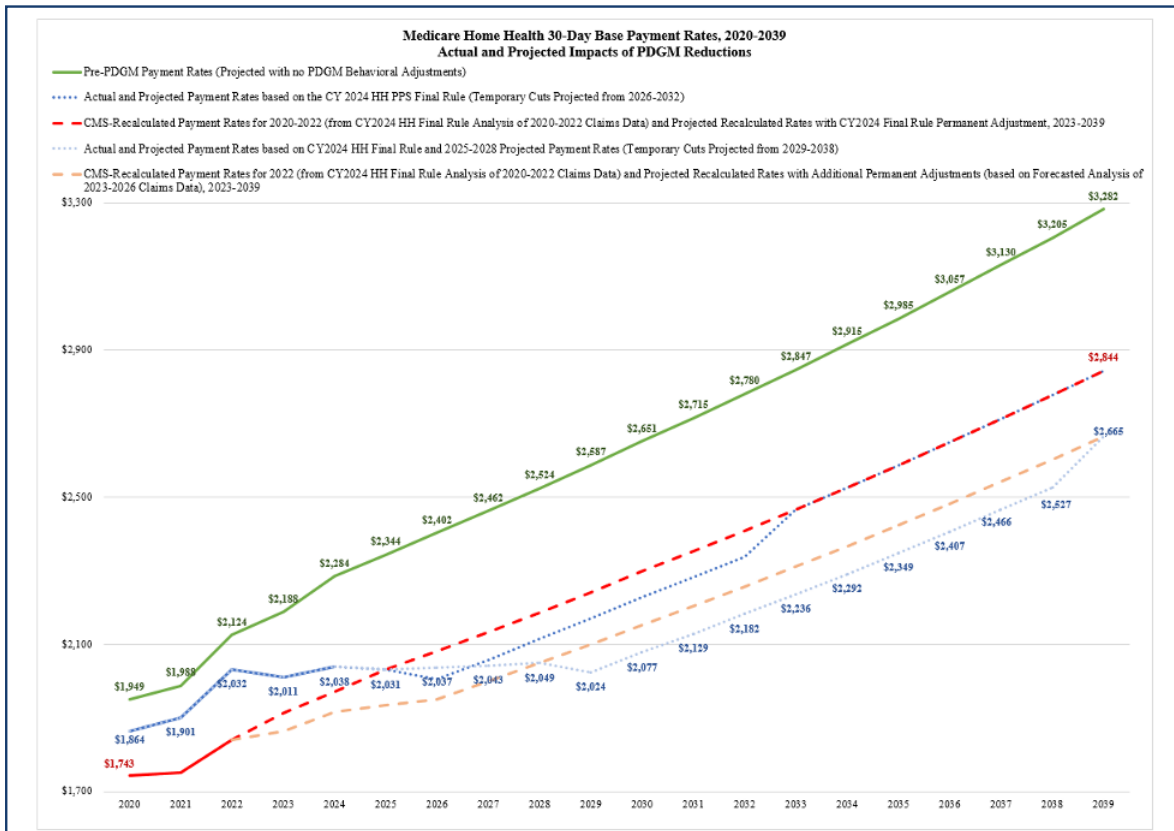
Five Years of Massive Cuts Have a Lasting Impact: In the first 5 years of adopting a new payment model for the Medicare Home Health Program (the “patient driven groupings model” or “PDGM”), the Centers for Medicare & Medicaid (CMS) has cut \$19 billion from Medicare home health payments through 2029. The chart below illustrates the ongoing impact of a series of cuts made in 2020, 2023, and 2024, combined with a cut expected in 2025 based on the prior year’s rule. CMS plans to cut payments further for 2025 and beyond, but this chart shows the ongoing impact of cuts CMS has already announced:



How do the Medicare home health cuts affect reimbursement for patient care? Home health providers receive a bundled payment intended to cover the needs of a patient over the course of a 30-day episode. The services an individual patient receives are based on a care plan completed by the patient’s doctor or nurse practitioner. The payment amount is based on a standard base payment rate amount updated each year by CMS, adjusted for the individual patient’s care needs and complexity, as well as other factors. “Base rate” cuts affect the payment home health agencies receive for every episode of care they provide.

The cuts so far, and the billions in future cuts that CMS intends to enact in the years ahead, are deep and destabilizing. Costs to hire and deploy clinicians to deliver care in the home to patients (nurses, physical and occupational therapists, social workers, and aides) are increasing dramatically (beyond the rate of inflation), as these health care workers are in short supply. Other costs like fuel and medical supplies are also increasing. Despite this, the home health base payment rate could be lower in 2029 than it was in 2022. The chart shows how rates have been held down by PDGM cuts, and how additional cuts are expected to continue to repress these rates going forward.

Here's what happens to the "base rate" that is intended to cover the patient's care plan delivered by nurses, therapists, social workers, and aides after the PDGM cuts (and future cuts) are implemented. The rates in blue on the chart below show the actual base rates for CMS payments in 2020-2024 and the most likely scenario for future rates based on CMS's current process. Rates on the green line show what the base rate for 30 days of home health would have been without PDGM. The other lines show various alternative scenarios based on current and projected future assessments that factor into how CMS is cutting payments:



Key:

- GREEN LINE: this line is what home health reimbursement was before the PDGM system (which was supposed to be budget neutral) went into place, projected forward with statutory update factors.
- RED LINE: this line reflects the "permanent adjustment" CMS calculated in the 2024 final home health rule. This is also what happens to the base rate if Congress acts this year to stop the billions in future cuts CMS intends to implement.
- BOTTOM DOTTED BLUE LINE: This line shows how CMS policy acts to hold down the level of home health payment rates year over year despite dramatically increasing costs of care if Congress does nothing to stop the future cuts to home health. These rates are intended to cover the cost of home health care which rises every year.

Why Does It Matter to Patients?

Patient access to home health is already declining, with 500,000 fewer patients receiving care through the Medicare home health program this year compared to 2019. As an increasing number of Medicare patients become eligible for services, home health care should be on the rise, not declining. The ability to deliver highly skilled care at home, supporting patient preference for receiving care in the home, is vulnerable on the current trajectory of rates.

Investment is needed, not continued and sustained cuts year after year. The billions in current reductions, plus additional cuts planned by CMS, will diminish care delivered to patients, with fewer patients receiving care each year and shrinking services. The future of the Medicare home health program and its ability to serve the needs of patients is at risk.