

The Medicare Home Health Program Has Been Cut Enough

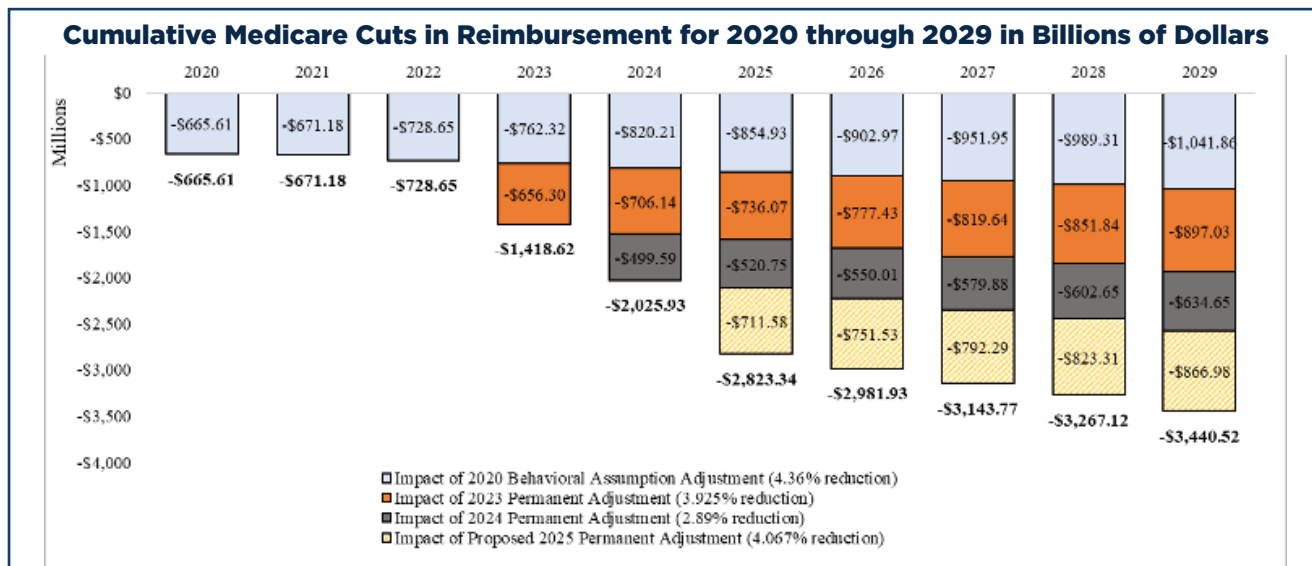
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Years of Reimbursement Cuts to Home Health Are Taking a Devastating Toll on Access to this Vital Benefit

Five Years of Massive Cuts Have a Lasting Impact: Since 2020, the Centers for Medicare & Medicaid Services' (CMS) implementation of the new payment model for the Medicare Home Health Program (the "patient driven groupings model" or "PDGM"), has produced cuts totaling more than \$21 billion through 2029. The chart below illustrates the ongoing impact of a series of cuts starting in 2020 and continuing in 2023 and 2024, combined with a cut proposed for CY2025. CMS plans to cut payments beyond 2025 (at least another estimated \$4.5 billion) but this chart only shows the ongoing impact of cuts CMS has already made and is planning for CY2025:

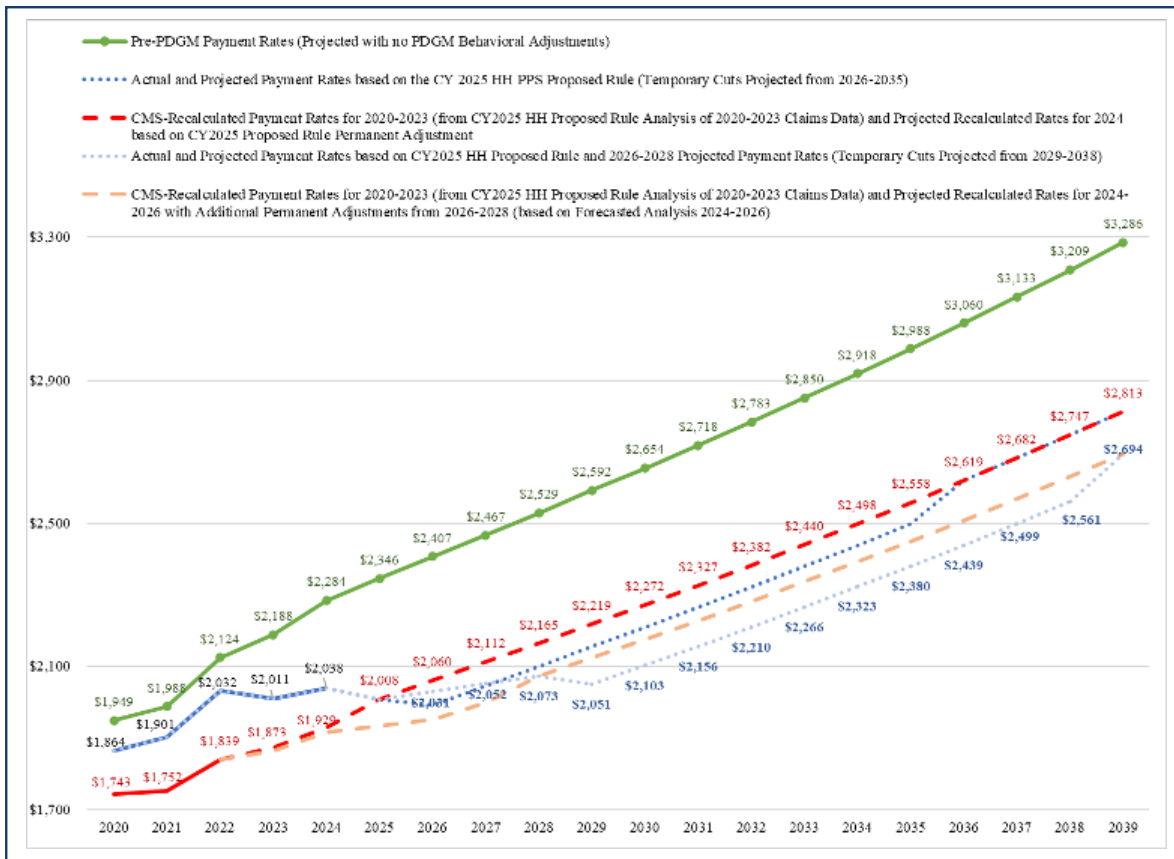


Notes: This chart is based on information contained in the CY2025 HH PPS Proposed Rule and shows the impact of adjustments calculated based on the first four data years of PDGM (2020-2023). It includes a proposed permanent payment reduction in 2025 but does not reflect any additional permanent and/or temporary reductions (totaling at least \$4.5 billion) to payments, which are anticipated. **Those additional cuts will be crippling to the Medicare Home Health Program.**

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 period. 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 diminish the payment and resources available to home health agencies to provide care to Medicare beneficiaries with significant care needs and complex medical conditions.

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, as these healthcare workers are in short supply. Despite this, the home health base payment rate could be lower in 2029 than it was in 2020. The chart above shows how rates have been suppressed downward by Medicare home health cuts, and how additional cuts are expected to continue to drive rates downward in the future.

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 the change to 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 CY 2025 proposed 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 LINES: These lines show what happens to the base rates when CMS takes action to begin implementing the “clawback” billions in cuts to the home health program.

Why Does It Matter to Patients?

Demand for home healthcare services is up, yet 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 healthcare should be on the rise, not declining. The ability to deliver highly skilled care at home, where patients overwhelmingly prefer to receive care, is negatively impacted by the current schedule of cuts that have targeted home health since 2020.

Investment in home health 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.**