



February 27, 2024

Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue SW
Washington, D.C. 20201

Dear Administrator Brooks-LaSure:

As the leading national organizations representing home health providers across the nation, we are writing to highlight a critical threat impacting patient access and care delivery in the home. The National Association for Home Care & Hospice (NAHC) and the Partnership for Quality Home Healthcare (the Partnership) urge the Centers for Medicare & Medicaid Services (CMS) to address this threat and halt the continued cuts to Medicare home health reimbursement and engage with stakeholders to find solutions that result in a fair and sustainable payment system that supports access to high quality care.

NAHC was established in 1982 and is the largest trade association representing the interests of home health agencies and hospices nationwide, including nonprofit, proprietary, both urban and rural based, hospital affiliated, public and private corporate entities, and government providers of home care. NAHC members provide most Medicare home care services throughout the U.S. The Partnership was established in 2010 to work in concert with government officials to ensure access to quality home healthcare services. The Partnership is dedicated to developing innovative reforms to improve the program integrity, quality, and efficiency of home healthcare for our nation's seniors. Both NAHC and the Partnership fear that if CMS does not act to curb these harmful reimbursement cuts, the resulting erosion of the Medicare home health benefit will mean that millions of beneficiaries will be unable to receive critical health services in the home and have no alternative than to seek care in higher cost institutional settings.

Home Health Payments

In calendar year (CY) 2020, CMS implemented the Patient-Driven Groupings Model (PDGM) as part of the home health prospective payment system (PPS). The new payment model was intended to shift the focus of payments away from the volume of services provided and toward patients' clinical characteristics and care needs. The new payment system also requires that Medicare expenditures for home health be budget neutral to aggregate expenditures under the

prior payment model. However, as both NAHC and the Partnership have commented in response to prior annual payment rules issued by CMS¹, the new system is not budget neutral and CMS’ rate setting methodology has produced successive significant reductions in home health payment rates totaling \$20 billion in aggregate expenditures to date. Even more concerning, this methodology is likely to produce even greater cuts in reimbursement through the end of the decade.

As shown in the table below, CMS has already applied three permanent downward adjustments to payments under PDGM and identified a fourth (for CY 2025). CMS also has stated its intention to apply further “temporary” adjustments in the future to recover what is considers to be past excess payments currently totaling \$4 billion. The home health benefit is a small but vital benefit, and the magnitude, unpredictability, and compounding nature of these Medicare cuts is not sustainable.

Reductions to 30-day Payments under PDGM

Calendar Year	Percent Reduction
2020	-4.36
2023	-3.925
2024	-2.89
2025*	-2.89

*CMS Projected Permanent Adjustment in CY 2024 Final Rule

Impact on Providers and Patients

Millions of Medicare beneficiaries rely on the Medicare home health benefit for skilled nursing and rehabilitation services in the comfort and safety of their homes to recover from a hospital stay or manage a serious chronic condition. It is widely recognized that home health is preferred by beneficiaries over institutional care, produces high quality outcomes, and provides tremendous value to the Medicare program. The home health benefit is critical, bringing clinicians to homebound beneficiaries where they live and allowing them to stay in their homes, avoid costly skilled nursing facility stays, and provide the support they need to recover. Unfortunately, access to home health care is declining under CMS’ current approach to Medicare payments. All signs indicate that the substantial and ongoing instability created by CMS’ payment policy is eroding this vital benefit.

Both the Partnership and NAHC provided data and analysis in our comments to the CY 2024 Home Health PPS Proposed Rule² detailing declining access to home health services. This data evidenced major reductions in volume, service capacity, and patient conversion rates from

¹ Comments of the Partnership for Quality Home Healthcare to CMS-1780-P: Medicare Program; Calendar Year (CY) 2024 Home Health (HH) Prospective Payment System Rate Update, August 29, 2023; Comments of the National Association of Home Care & Hospice to CMS-1780-P: Medicare Program; Calendar Year (CY) 2024 Home Health (HH) Prospective Payment System Rate Update, August 29, 2023.

² CMS-1780-P: Medicare Program; Calendar Year (CY) 2024 Home Health (HH) Prospective Payment System Rate Update (FR 88 43654 July 10, 2023).

hospitals to homecare, while illustrating the significant impact that access to home health has on mortality and health outcomes, particularly for ethnic and racial minorities. We note that CMS has done no monitoring of the impact of these significant reductions in payment, as it has previously done in other areas of the Medicare program subject to significant policy changes and provided no data or evidence to refute providers' and patients' concerns.

Our members continue to report closures, declining capacity, and immense challenges as they struggle to hire nurses and address other work force constraints. This unstable and unpredictable fee-for-service reimbursement environment is exacerbated by significantly increased Medicare Advantage enrollment and payments by the plans which are often below providers' costs for providing care. In addition, while inflation has cooled somewhat from its peak, costs remain high, and CMS' annual payment updates have not kept pace with inflation. We also note that, recently (2021 and 2022), these updates reflected significant negative forecast errors (more than - 5 percent) based on CMS' own data from the Office of the Actuary further depressing payments. The financial pressures created by the combination of these factors make it extremely challenging to provide high quality services and support continued access in broader services areas, including rural locations.

CY 2025 Rulemaking

The Medicare home health benefit and the patients that rely on it are in real jeopardy. NAHC and the Partnership urge CMS to take real action in this year's (CY 2025) Home Health PPS Proposed Rule. Simply proposing a large cut in reimbursement which is mitigated in a Final Rule and offset with the annual update is not sufficient. CMS has done this for both CY 2023 and CY 2024. However, this approach does nothing to account for increases in providers' costs nor recognize the declining economic and patient care environment of the home health sector.

We ask that CMS use its existing authority and suspend further reductions to home health payments in CY 2025 and allow the annual payment update to be applied in a way that addresses increases in the cost of care. CMS should engage with home health stakeholders and Congress to resolve the current crisis and downward spiral in reimbursement. This will help to stabilize the home health benefit in the near term for both providers and the beneficiaries that depend on it every day and allow for a long-term solution that reverses the ongoing erosion of this important Medicare benefit. Please use CY 2025 home health rulemaking as an opportunity to address this critical threat to patients and an important component of the health care delivery system.

Thank you,



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