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Ensure Medicare Home Health Payment Rates Are Adequate To Protect Access to Care

The Centers for Medicare and Medicaid Services (CMS) issued a rule that cut home health payment rates by 3.79 percent in 2011, and is seriously considering another 3.79 percent cut in 2012. Prior to these regulatory cuts Congress enacted \$39.7 billion in payment cuts under the Patient Protection and Affordable Care Act (PPACA) through 2019. The Congressional Budget Office (CBO) recently revised its analysis of the PPACA and regulatory cuts, increasing the projected impact of the cuts by over \$32 billion. This brings over \$71 billion in cuts over ten years to a benefit that in 2010 was less than \$20 billion. In spite of the massive reductions, the Medicare Payment Advisory Commission (MedPAC) recommended the elimination of the home health inflation update for 2012 and acceleration of later year rate cuts to 2013.

With the combination of regulatory cuts and loss of the inflation update, 55 percent of all home health agencies would be paid less than the cost of care to Medicare patients in 2012. With these negative margins many providers are likely to go out of business, creating a serious threat to access to care. The regulatory rate cuts are based on CMS' claim that providers' claim coding behavior has increased Medicare expenditures while home health patients are essentially no sicker than before. However, it is clear that home health agencies are taking care of sicker patients with greater needs for therapy, nursing care and home health aide services.

Congress should bar CMS from instituting regulatory cuts beyond those required under the Affordable Care Act until all rate changes under the Act are fully implemented and enact the Home Health Care Access Protection Act to require accountable and transparent assessment of coding changes before rate reductions are imposed. Congress should reject MedPAC's recommendation to eliminate the inflation update.

Percentage of Home Health Agencies with Projected Margins of 0 or less by State Location		
Potential Risks from a Combination of CMS Regulatory Payment Cuts of 3.79% in 2011 and 2012, Loss of the 2012 Inflation Update, and Scheduled Rate Cuts Under the Patient Protection and Affordable Care Act (P.L. 111-148)		
National	45.3%	55.3%
State	2011	2012
AK	70.0%	80.0%
AL	50.7%	63.4%
AR	55.8%	67.5%
AZ	42.2%	53.1%
CA	56.2%	67.6%
CO	37.3%	43.6%
CT	28.3%	35.0%
DC	19.1%	23.8%
DE	37.5%	50.0%
FL	38.2%	48.4%

GA	36.5%	54.0%
GU	50.0%	100.0%
HI	66.7%	66.7%
IA	50.0%	60.7%
ID	64.1%	79.5%
IL	40.3%	54.3%
IN	50.4%	61.9%
KS	50.9%	58.8%
KY	42.9%	52.4%
LA	27.9%	36.2%
MA	23.9%	34.1%
MD	42.9%	45.7%
ME	50.0%	63.6%
MI	42.2%	52.4%
MN	54.8%	59.1%
MO	53.6%	61.9%
MS	23.3%	36.7%
MT	60.0%	68.0%
NC	30.7%	36.0%
ND	58.3%	100.0%
NE	52.7%	60.0%
NH	42.9%	50.0%
NJ	48.0%	64.0%
NM	48.9%	60.0%
NV	44.4%	51.1%
NY	42.3%	53.9%
OH	35.0%	43.4%
OK	63.3%	70.6%
OR	92.3%	96.2%
PA	37.2%	48.5%
PR	50.0%	58.3%
RI	33.3%	50.0%
SC	47.6%	57.1%
SD	59.3%	59.3%
TN	34.1%	47.7%
TX	51.3%	61.0%
UT	39.5%	48.7%
VA	37.5%	47.5%
VT	50.0%	80.0%
WA	58.5%	63.4%
WI	70.2%	76.6%
WV	60.0%	67.5%
WY	62.5%	68.8%