

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

The Centers for Medicare and Medicaid Services (CMS) has issued a final rule that would cut home health payment rates by 3.79 percent in 2011, and is seriously considering another 3.79 percent cut in 2012. This 7.58 percent regulatory cut is in addition to the \$39.7 billion in rate cuts mandated by the Patient Protection and Affordable Care Act through 2019.

With the regulatory cuts alone nearly half of all home health agencies will be paid less than the cost of care to Medicare patients. With these negative margins many providers are likely to go out of business, creating a serious threat to access to care. These 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. Congress should also pass the Home Health Care Access Protection Act of 2010 (H.R. 5803; S. 3315) to require accountable and transparent assessment of coding changes before rate reductions are imposed.

Percentage of Home Health Agencies with Projected Margins of 0 or less by State Location

Potential Risks from a Combination of a CMS Regulatory Payment Cut of 3.79% in 2011 and 2012 with Scheduled Rate Cuts Under the Patient Protection and Affordable Care Act (P.L. 111-148)

	2011	2012
NATIONAL	41.2%	49.6%
Alabama	40.5%	53.6%
Alaska	84.6%	84.6%
Arizona	41.4%	51.7%
Arkansas	48.9%	56.7%
California	53.4%	63.2%
Colorado	38.5%	43.1%
Connecticut	23.2%	27.5%
Delaware	42.9%	42.9%
District of Columbia	36.4%	40.9%
Florida	29.7%	39.1%
Georgia	44.7%	51.3%
Hawaii	75.0%	87.5%
Idaho	64.1%	71.8%
Illinois	36.8%	45.9%
Indiana	40.7%	49.3%
Iowa	47.1%	52.2%
Kansas	47.5%	51.7%
Kentucky	37.5%	44.3%
Louisiana	28.4%	34.6%
Maine	55.6%	66.7%
Maryland	34.2%	53.7%
Massachusetts	31.4%	38.1%
Michigan	40.3%	49.7%

Minnesota	47.4%	52.6%
Mississippi	25.6%	35.9%
Missouri	51.3%	59.0%
Montana	59.4%	65.6%
Nebraska	59.7%	61.4%
Nevada	50.0%	56.5%
New Hampshire	22.6%	38.7%
New Jersey	51.4%	57.1%
New Mexico	40.0%	46.7%
New York	64.0%	74.4%
North Carolina	29.1%	36.7%
North Dakota	73.7%	73.7%
Ohio	30.3%	33.8%
Oklahoma	47.2%	59.0%
Oregon	81.4%	88.4%
Pennsylvania	31.8%	39.9%
Puerto Rico	69.2%	76.9%
Rhode Island	17.7%	29.4%
South Carolina	47.6%	52.4%
South Dakota	55.9%	61.8%
Tennessee	30.7%	36.8%
Texas	43.7%	54.1%
Utah	29.9%	40.3%
Vermont	33.3%	41.7%
Virginia	43.9%	50.3%
Washington	45.5%	50.0%
West Virginia	50.0%	64.6%
Wisconsin	60.0%	67.1%
Wyoming	63.6%	72.7%