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HOME HEALTH CARE ACCESS PROTECTION ACT

BACKGROUND

The Centers for Medicare and Medicaid Services (CMS) implemented payment rate cuts of 8.25 percent between 2008 and 2010 for Medicare home health services with an additional 3.79 percent cut for 2011. CMS is proposing another 5.06 percent cut in 2012. These cuts will reduce home health payments by as much as \$20 billion over the next 10 years. This is in addition to the \$39.7 billion in cuts due to the rebasing of home health payments enacted as part of the Patient Protection and Affordable Care Act (PPACA). These unprecedented cuts will end access to valuable home health services in many parts of the country since more than 35 percent of home health agencies nationwide already are paid less than the cost of care under Medicare. With these cuts, estimates are that the number will rise to nearly 50%, with some states expecting that as many as 88 percent of home health agencies will be unable to cover their costs. The ultimate effect of these unprecedented payment cuts will be the loss of home health services in many parts of the country, leaving patients with no alternatives for post-acute and long-term care other than more costly institutional care.

The administrative cuts implemented and proposed by CMS are based on the assertion that patients receiving home health care today are no different than a decade ago. However, strong evidence points to the fact that patients coming to home health care services are sicker and in greater need of care than ever before. Instead of looking at appropriate factors regarding patients at the time of admission, CMS looks more at the care patients received at the hospital and ignores the fact that half of home health patients do not come from the hospital.

NEED FOR LEGISLATION

- There are very real clinical and policy explanations for why the average clinical severity of home health patients' health conditions may have increased over the years. For example, the incentives built into the hospital DRG reimbursement system have led to the quicker discharge of sicker patients. Recent advances in technology and changes in medical practice have also enabled home health agencies to treat more complicated medical conditions that earlier could only be treated in hospitals, nursing homes, or inpatient rehabilitation facilities.
- A study by the Lewin Group raises significant doubts about the correctness of the Medicare cuts. This study found that home health patients changed significantly

between 2000 and 2004, with a disproportionate increase in patients with intensive rehabilitation needs. This would increase the average home health case mix score.

- Lewin further notes that the growth in home health payments runs parallel to reductions in nursing home use and changes in Medicare payment policy in other provider sectors such as rehabilitation hospitals.
- The research method, data and findings that CMS has used to justify the cuts to date raise serious concerns about the validity of the rate cuts. For example, while changes in the need for therapy services significantly affect the case mix “score,” the CMS research methodology disregards those changes in evaluating whether the patient population has changed. Also, the methodology does not address the wide range in coding results throughout the country leading providers that experienced no coding creep to suffer a payment rate penalty equal to those providers that had high increases in coding weights.
- The method by which CMS evaluates changes in case mix coding is not transparent, does not allow for true public participation, and is not performed in a manner that secures accountability to Medicare patients and providers in terms of its methodological validity and accuracy of outcomes.

LEGISLATION

The Home Health Care Access Protection Act would:

- Establish a reliable and transparent process for determining whether the payment rate cuts are needed to account for improper changes in “case mix scoring” that are not related to changes in the nature of the patients served in home health care or the nature of the care they received. This process will still enable the Secretary of Health and Human Services to enact rate adjustments provided there is reliable evidence that there are higher case mix scores resulting from factors other than changes in patient conditions or an improper increase in overall home health expenditures as a result of such factors.
- Prevent the implementation of future payment rate cuts in home health until the Secretary is able to justify such payment cuts through the improved process set forth above.

For more information contact NAHC Government Affairs 202-547-7424.

To cosponsor this bill, please contact Priscilla Hanley with Senator Collins at 202-224-2523

or

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