

## **Substitution Amendment to Division B-Medicare and Medicaid Improvements**

### **Section 1153. Home Health Payment Update for 2010**

In 2010, 2011, and 2012, the update shall be the home health market basket increase minus 1 percent.

### **Section 1154 Payment Adjustments for Home Health Care**

#### **A.) Adjustment for Case Mix Changes—**

The Secretary shall establish a transparent process for implementing case mix coding adjustments that directly involves stakeholders, provides advance notice of any proposed adjustments and the process used to determine the adjustments, establishes standards for distinguishing between changes in patient characteristics and coding changes, recognizes that changes in service utilization are changes in patient characteristics, and considers whether any coding changes are endemic or localized. No coding changes shall be instituted until the Secretary establishes this process.

#### **B.) Rebasing Home Health Prospective Payment Amount-**

In 2013, the Secretary shall initiate an adjustment to the payment amount(s) that is a uniform percentage based on an analysis of factors such as changes in the average number and types of visits in an episode, the change in the intensity of visits in an episode, and the growth in the costs per episode. The Secretary shall use 2010 cost reports to conduct the analysis. In evaluating the cost per episode, the Secretary shall include all usual and customary business costs consistent with standards under the Internal Revenue Code, including but not limited to telehealth services, the use of disciplines of care outside of Sec. 1861(m), and usual business operations expenses. The rate shall be set no lower than average cost plus 5 percent to reflect the needs of normal businesses for operating capital and operating margins. The rates calculated consistent with the above factors shall be adjusted to achieve budget neutrality to the home health expenditures estimated by the CBO in its analysis of this legislation.

The Secretary shall phase-in the rebased rates over a four year period through a blend of inflation rate updated current rates and the rebased rates at intervals of 25 percent. During the rebasing period, the Secretary shall withhold any adjustments that would otherwise occur related to changes in case mix coding.

#### **C.) Study and report on development of payment reforms**

The Secretary shall conduct a study and issue a report to Congress on a set of recommendations that will align payment rates to service costs and local service area needs, including the use of targeted adjustments to address variations in service costs.

**Section 1155. Incorporating productivity adjustment into market basket update for home health services---**

A productivity adjustment shall not be applied any earlier than following the completion of the phase-in of rate rebasing under section 1154.

**New Provision—Reinstatement of the rural service adjustment**

Beginning in January 1, 2010 and ending December 31, 2015, the Secretary shall increase the payment made for home health services to patients residing in a rural area by 3 percent.

**New Provision---Reform application of home health services outlier adjustment**

The outlier adjustment under section 1895 shall be limited as follows:

- a.) outlier payment eligibility standards shall be set by the Secretary in a manner to ensure that no more than 3 percent of the 5 percent outlier allowance under this section is expended; and
- b.) the Secretary shall limit the outlier payments to an individual home health agency to no greater than 10 percent of the total revenue received by that home health agency under the Medicare home health services benefit annually.

**New Provision---Community-based chronic care management**

The Secretary shall establish a 3 year demonstration program of community-based chronic care management under which a home health agency meeting conditions established by the Secretary provides chronic care management to individuals with two or more specified chronic conditions through use of an interdisciplinary team approach, including a physician team member, employing modern technologies, and including face-to-face patient evaluation, management and coaching. Payment for the service shall be a combination of base payment and risk sharing determined by the savings accruing to Medicare.

**New Provision---Temporary moratorium on new home health agencies**

The Secretary shall establish a two year moratorium on certification of new home health agencies. The moratorium shall include a process to provide exceptions where the need for an additional agency is established and shall not apply to the approval of branch sites of existing providers.

**New Provision—Access to telehealth services in the home**

Effective October 1, 2010, the Secretary shall include telehealth services that are furnished via a telecommunication system by a home health agency to an individual receiving home health services as a home health visit for purposes of eligibility and payment provided the telehealth services are:

- a.) ordered as part of a home health plan of care certified by a physician;
- b.) do not substitute for in-person home health services ordered as part of the plan of care; and
- c.) are considered the equivalent of a visit under criteria developed by the Secretary.

**New Provision---Coverage of home health remote patient management services for chronic health conditions**

The Secretary shall establish a pilot program that provides coverage for remote telehealth monitoring of acute and chronic conditions of individuals who do not qualify for the home health services benefit.

**New Provision—Establishment of program integrity standards regarding home health agency owners and managers**

The Secretary shall revise the conditions of participation for home health agencies to require that owners and managers be subject to background screening and competency credentialing initially and on an ongoing basis periodically.

**New Provision--- Medicare Advantage benefit parity in home health services**

All Medicare Advantage plans shall provide for a 60 day episodic home health services benefit where a home health agency manages a bundle of medically necessary home health services for the 60 day episode.