

Continue 3% Medicare Add-On for Rural Home Health

Legislative Actions: From 2001 through 2006, as part of the Benefits Improvement and Protection Act (BIPA), home health providers in rural areas of the country received a “rural add-on” payment authorized by Congress to support these critical access home health services. The rural add-on began at 10 percent, but was later reduced to 5 percent in 2004 through 2006 when it expired after a one-year extension. Rural providers received no add-on from 2007 until March 31, 2010 when Congress reinstated the add-on, yet again at a lower level of 3 percent. That rural add-on was scheduled to expire on January 1, 2016, but Congress thankfully extended the 3 percent rural add-on as part of a bill to overhaul the Medicare Sustainable Growth Rate (SGR). The add-on is **once again scheduled to expire on January 1, 2018.**

Background: Contrary to the perception that New York is largely urban/metropolitan, nearly 40% (24) of the state’s counties meet the latest rural designation established by the U.S. Centers for Medicare and Medicaid Services (CMS) and many of the remaining geographic areas are essentially rural in character.

Rural home health care providers face enormous challenges in the provision of services to vulnerable New Yorkers. In fact, a national analysis by the Moran Company found:

- 35 percent of all rural home health beneficiaries have seven or more chronic conditions;
- 57 percent of Medicare home health beneficiaries are over the age of 75 versus 36 percent for all other Medicare beneficiaries;
- In 2014, rural home health beneficiaries were 15 percent less likely to receive home health services than their urban counterparts; and
- Rural beneficiaries live more than twice as far from their doctor and nearly twice as far from the nearest hospital compared to beneficiaries in an urban setting.
- Forty-nine percent of rural beneficiaries receive assistance with two or more Activities of Daily Living (ADLs).



- The travel cost per episode for patients in rural areas is 36 percent higher than in non-rural areas (\$229 vs. \$168)

Furthermore, over the last twelve years, almost all of the county-sponsored Certified Home Health Agencies (CHHAs) and/or Long Term Home Health Care Programs (LTHHCPs) in New York’s rural counties have either closed or sold their agency.

A 2016-17 cost report analysis by HCA found that approximately 70% of all Medicare certified agencies operating in New York’s rural counties faced negative operating margins, which is a contributing factor in the overall diminution of rural home health services; indeed, more than half of New York’s rural communities have only two or fewer providers of skilled care for Medicare and Medicaid home health services. If any more of these agencies close, access to skilled home care will be seriously threatened for residents in rural areas of New York.

HCA’s Recommendation: Congress has repeatedly supported, on a bicameral, bipartisan basis, a home health rural rate add-on since the 1980s. Congress should pass S.353 Preserve Access to Medicare Rural Home Health Services Act introduced by Senators Collins (R-ME) and Maria Cantwell (D-WA). which extends the 3 percent Medicare rural add-on for home health services delivered in rural areas through 2022, so that access to skilled home and community based care is not threatened.



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