

# Medicare Home Health Payment Reform Act of 2018

Changes to Home Health Payment Reform: Sec. 51001 &  
51002 of the Budget Act

# Background:

- Medicare skilled home healthcare benefit provides 3.5 million homebound patients access to clinically appropriate and cost effective care
- On February 9, 2018 the *Bipartisan Budget Act of 2018* was signed into law
- Industry believes this legislation requires corrections and clarifications for a smooth transition to occur

# Background:

Section 51001 “Home Health Payment Reform” outlines revisions for Medicare home health reimbursement beginning in 2020:

1. Substitutes the current 60-day home health episode with an untested 30-day “unit of service”
2. Requires the Secretary to adjust home health payments in a budget-natural manner
3. Authorizes the Secretary to ‘make assumptions about behavior changes that could occur’ both prospectively and permanently to make rate adjustments
4. Authorizes the Secretary to include home health documentation, in the the full record of a patient, in CMS’ consideration of meeting benefit policies required for payment

# Implications:

The home health community is concerned that the legislative language may be implemented in a way that:

- Is inconsistent with the intent of the legislation, which is to reform the home health payment model
  - “Unit of Service” vs. “Unit of Payment”
- Will negatively impact the coinciding regulatory provisions
  - Increased administrative burden
  - Costly operational changes

# Proposed Solution:

The Medicare Home Health Payment Reform Act addresses the above issues in keeping with the intent of the legislation and maintaining a budget neutral solution by:

# (1) Correcting the 30-Day “Unit of Service” with a 30-Day “Unit of Payment”

- This clarification ensures that the new 3-day payment provision is part of the existing unit of service or ‘episode’ and minimizes the risk of inadequate funding or disruptions in access to care

## (2) Adjusting Payments on the Basis of Objective Evidence

- Ensures payment modifications will be based on reliable and evidence-based data
- Authorizes the Secretary to make annual adjustments to rates based on data evidencing that the adjustment is necessary and consistent with the authority to make case-mix adjustment
- Eliminates the authority of the Secretary to make permanent or prospective behavioral adjustments that would create a non-budget neutral payment system

## (3) Providing Additional Time for Analysis and Stakeholder Input

- Modify the rulemaking timetable to occur **not earlier than CY2020**, rather than require its rush to completion by January 1, 2020



## (4) Establishing an Optional Demonstration Program

- Provides optional demonstration program to test any proposed payment model before universal implementation
- May be implemented no later than 2022

# (5) Ensures Home Health Documentation is Included as Part of the Physician Certification Record

- Fixes the prior negative effect of increases in the improper payment rate due to documentation errors
- Ensures all home health agency documentation incorporated into the physician certification record is included as a part of the entire patient record
  - Use for determining patient qualifications and need of care as well as payment for approved home health services

Thank you!

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