



Protect Medicare Home Health Reimbursement Supporting Seniors

-S.433

The U.S. Centers for Medicare and Medicaid Services (CMS) has finalized the biggest change in funding and reimbursement for Medicare home health services in two decades.

Of nationwide concern, this new system is **front-loaded with provider cuts** tucked in by unverified CMS predictions about future provider behavior in a system **not even yet implemented**.

Home care in New York State needs your support on legislation (S.433) to ensure that this reimbursement overhaul does not jeopardize services for seniors who rely on home care. HCA expects that companion legislation to S.433 will be introduced in the House of Representatives soon and HCA will be asking for support and possible co-sponsorship.

Under this new payment overhaul, called the Patient Driven Groupings Model (PDGM), CMS has pledged to ensure budget-neutrality, meaning overall home health Medicare spending will remain the same regardless of the payment methodology change.

However, with very few details on the statistical modelling, it is unclear how CMS arrives at a budget-neutral position when PDGM includes a front-loaded rate cut proposed at an astonishing **\$1 billion (or 6.42%) nationally in 2020**.

This cut is being called a “behavioral adjustment,” so that CMS can surreptitiously cut providers by projecting that they will alter their coding and other claim-submission practices in order to achieve higher payments or to bypass new financial disincentives/corrections.

Forecasting data suggests that the majority of New York State Medicare-certified home health agencies (71%) are already meeting or exceeding the performance targets assumed by PDGM’s reforms, based on current clinical practices; yet these agencies are among those nationally who would be hit, up front, with a payment cut that assumes otherwise.

These cuts would be particularly devastating for New York home care agencies that are already operating on wafer-thin margins compared to other states. Indeed, the aggregate Medicare home health operating margin for New York agencies has been **negative for 17 years in a row**.

CMS says that the “behavioral adjustment” is required by legislation: the Bipartisan Budget Act of 2018. This is why we are urging your support for a legislative fix in S.433 that would:

- Require Medicare to institute rate adjustments only upon evidence that home health agency behavioral changes actually occur, basing any behavioral adjustment on real “observed evidence,” rather than mere assumptions about future behavior.
- Ensure Medicare budget-neutrality but require the phase-in of any necessary rate increases or decreases to be no greater than 2% per year to limit the risk of disruption in care.
- S. 3545 also includes a provision strongly supported by the home health community that would permit the waiving of the homebound regulatory requirement to enable greater flexibility for Medicare beneficiaries in Medicare Advantage plans (and waiver programs) to receive home health services.

Under PDGM, providers must transition their systems to navigate entirely new increments of care, new clinical groupings and new reimbursement adjustments based on admission sources that determine the amount of services a patient needs. It only makes sense for CMS to analyze rate adjustments retrospectively, based on real evidence, rather than hobbling agencies right out of the gate with a \$1 billion cut, beginning PDGM from a compromised position that threatens services at a time of enormous transition.

Indeed, CMS recently rejected assumption-based rate adjustments for Skilled Nursing Facilities (SNFs) under a new payment model, concluding that it did “not have any basis on which to assume the approximate nature or magnitude of these behavioral responses.” The same should be considered for home health payment reform.

Sponsor Information

S.433 was introduced by Senators Susan Collins (R-ME), John Kennedy (R-LA), Bill Cassidy (R-LA), Rand Paul (R-KY), Debbie Stabenow (D-MI), Doug Jones (D-AL) and Jeanne Shaheen (D-NH).



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