

Medicare's Proposed 2023 Home Health Payment Adjustments



Home Health Leaders Warn Steep Cuts Threaten Patients' Access to Care

On June 17, 2022, the Centers for Medicare & Medicaid Services (CMS) issued the calendar year (CY) 2023 Home Health Prospective Payment System (HHPPS) Rate Update Proposed Rule, which includes billions of dollars in Medicare payment cuts to America's home health agencies (HHAs). Specifically, Medicare proposes a permanent 7.69% rate reduction, which equates to a \$1.33 billion cut from home healthcare in 2023 alone. Further, Medicare forecasts additional cuts of more than \$2 billion in 2024 and the years beyond.

SUMMARY OF PREVIOUS AND NEWLY PROPOSED MEDICARE HOME HEALTH CUTS

| Year | Original Behavioral Assumptions | Permanent Adjustment | Temporary Adjustment |
|------|---------------------------------|--|---|
| 2020 | -4.36% | n/a | n/a |
| 2021 | -4.36% | None applied | None applied |
| 2022 | -4.36% | None applied | None applied |
| 2023 | -4.36% | -7.69%  | None proposed, but comments sought on how to reconcile retrospective overpayments of \$2,020,996,579 total for 2020 and 2021 alone |
| 2024 | -4.36% | -7.69% (subject to adjustment based on updated data) | Significant negative adjustment  (-\$3 billion to offset 2020-2023 (could be over multiple years)) |
| 2025 | -4.36% | -7.69% (subject to adjustment based on updated data)  | Significant negative adjustment |
| 2026 | -4.36% | -7.69% (subject to adjustment based on updated data)  | Significant negative adjustment |

ESTIMATED PAYMENT CUTS TO MEDICARE HOME HEALTH FOR 2023

| CMS-Reported Topline Numbers (CY 2022 vs. proposed CY 2023): | | |
|--|--------------|-------------------------------|
| Home health payment update percentage (estimated market basket update of 3.3%, reduced by a 0.4% estimated productivity adjustment) | +2.9% | \$560 million increase |
| Permanent behavioral assumption adjustment of -7.69%  | -6.9%* | \$1.33 billion decrease |
| Update to the fixed-dollar loss ratio (FDL) used in determining outlier payments | -0.2% | \$40 million decrease |
| Aggregate effect on Medicare payments in CY 2023 | -4.2% | \$810 million decrease |

Research has long shown that American seniors and people with disabilities and their families overwhelmingly prefer to remain in the home, especially now in light of COVID-19 risks. At a time when both demand for home health and the costs of delivering care are rising significantly, Medicare's proposal to cut billions of dollars from the Medicare home health program will significantly limit access to patient preferred home health, especially among America's rural and medically underserved seniors.

CONGRESS: STOP MEDICARE CUTS TO HOME HEALTH TO PROTECT SENIORS' CARE

*The effect of the permanent behavioral adjustment on all payments does not equal the proposed 7.69% because the proposed 7.69% adjustment only applies to the national, standardized 30-day period payments and does not impact payments for 30-day periods which are LUPAs.