Congress Must Act to Prevent Home Health Cuts that Will Devastate Access to Care

Partnership for Quality Home Healthcare
THERE'S NO PLACE LIKE HOME

HOMECARE & HOSPICE
National Association for Home Care & Hospice

Home health agencies strongly oppose CMS's CY2023 proposed payment rule that will devastate access to home health services. The home health community urges Congress to take action to stop CMS's massive cuts to Medicare home healthcare.

NEW CMS PAYMENT RULE PROPOSES BILLIONS IN STEEP CUTS TO HOME HEALTHCARE

- On June 17, 2022, CMS proposed to cut rates for Medicare home health services in 2023 by an unprecedented, permanent -7.69% ($1.33 billion in 2023 alone). The net result of this cut along with inflation updates is -4.2% in 2023, equaling an $810 million cut starting next year.
- CMS seeks to impose an additional $2 billion in cuts as soon as 2024, which is an unjustified clawback of payments for critical healthcare delivered to seniors and people with disabilities during the pandemic in 2020 and 2021.
- CMS also plans to add an additional ~$1 billion for alleged "overpayments" for 2022 services. This clawback of funds is an unprecedented overreach.
- These new reductions are on top of CMS continuing the assumption-based -4.36% behavioral change adjustment that has reduced rates since 2020.
- The cumulative impact of these cuts is billions of dollars carved out of the Medicare home health program as providers are already facing significant challenges due to the pandemic, threatening patient care and access. Small, rural, and medically underserved communities will be uniquely harmed.

MEDICARE PAYMENT CUTS THREATEN THE HOME HEALTHCARE SYSTEM – VALUED BY AMERICA'S SENIORS AND PEOPLE WITH DISABILITIES

- **Care in the home is the safer and most preferred choice for our seniors and people with disabilities.** Polling shows an overwhelming preference for care in the home: 94% of Medicare beneficiaries say they would prefer to receive post-hospital care at home.
- **Reducing payments to home health threatens access to vital care in the home.** Previous payment cuts reduced access to care. As a result, costs of care will go up due to increased hospital readmission rates, unnecessary hospitalizations, and increased use of short-term skilled nursing stays.
- **Cuts will negatively impact the growing and high demand for care in the home.** The ability of home health agencies to admit patients for services has declined significantly since March 2020. Home health is the preferred post-acute care option for patients, with a 42% increase in the average number of referrals per patient sent to home health (vs. 32% per referral to skilled nursing facilities). Strong demand for home health has resulted in a 33% increase in referrals sent to home health. However, due to labor cost pressures and staffing challenges, home health admission rates have declined by 15% over the same period. This troubling trend will only worsen with the onset of destabilizing payment cuts to the home healthcare infrastructure.

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- **Home healthcare providers and caregivers have been hit hard by the impact of the pandemic. Additional payment cuts will exacerbate the workforce and inflation crisis.** Home health agencies are burdened by high inflation rates of over 8%, as well as by increased fuel costs, which have increased 53% since the beginning of 2022. This uniquely impacts home healthcare caregivers who drive to visit their patients. Workforce costs and wage pressures are also on the rise, with wage and benefit costs increasing at steady rates since the start of the pandemic.
- **Home health utilization and spending is declining and shouldn't be targeted for more cuts.** Since 2011, expenditures for the Medicare home health benefit have been declining: 2011: $18.4 billion/3.4 million users; 2019: $17.9 billion/3.3 million users; 2020: $17.1 billion/3.1 million users; and 2021: $17.0 billion. Decreases are partly attributable to reductions in the number of patients served, but patient acuity is also on the rise, as is per patient spending.

CONGRESS HAS CALLED FOR STABILITY IN THE MEDICARE HOME HEALTH PROGRAM

In 2018, a sizable bipartisan majority of Congress insisted on **budget neutrality** when transitioning from the old home health payment system to the Patient Driven Groupings Model. Congress clearly intended for stability in this transition, aiming to avoid cuts to home healthcare. Budget neutrality has not been achieved in the transition to the new payment model. Instead, CMS has instituted an **unauthorized rebasing** of home health payments – resulting in billions of dollars in cuts. This is counter to congressional intent to ensure the stability and preservation of the vital services provided to seniors and people with disabilities who rely on the Medicare home health benefit. CMS should treat home health consistently – and apply the same budget methodology principles as it does in analyzing budget neutrality in the skilled nursing facility payment system.