

Medicare Home Health Rebasing

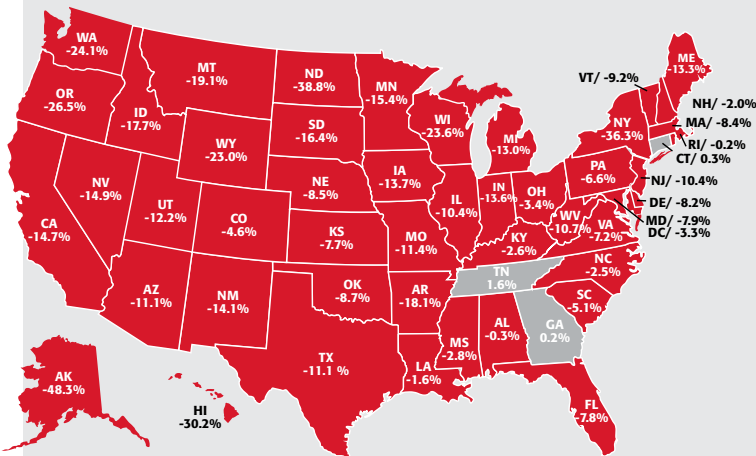
Proposed Medicare Cuts of 14% Put Patients' Access at Serious Risk

Since 2009, home health beneficiaries and their providers have been impacted by an estimated \$72.5 billion in Medicare funding cuts.¹ Unfortunately, the Medicare home health benefit is at risk for even more losses under the proposed Home Health Prospective Payment System (HHPPS) regulation recently issued by the Centers for Medicare and Medicaid Services (CMS). The draft HHPPS rule proposes to rebase Medicare home health payments by 3.5% over each of the next four years, for a total reduction of an extraordinary 14%. If finalized as proposed, this deep cut is projected to impose net losses on 47 of the 50 states and the District of Columbia by 2017.

WHAT DOES THIS MEAN FOR MEDICARE HOME HEALTH BENEFICIARIES?

Patient Access Will Be Severely Strained.

- The national average Medicare margin will drop to -9.77 percent, and most States will face net Medicare losses.



- The home health sector, unlike other healthcare fields, relies primarily on Medicare as its payer and has little supplement from private insurers.
- Many home health providers – especially those that are small businesses and serve rural communities – will therefore be rendered inoperable due to net operating losses.
- The closure of home health agencies will cause Medicare beneficiaries to lose access to in-home care and be shifted into more costly institutional settings instead.

Vulnerable Medicare Beneficiaries and Their Families Will Be Directly Impacted.

- The 3.5 million seniors and disabled individuals who depend on Medicare home healthcare are poorer, sicker, and older than the Medicare beneficiary population as a whole.²
- In addition, many of these vulnerable beneficiaries live in rural and other medically underserved areas, and many qualify for both Medicare and Medicaid.³
- As a result, the closure of home health agencies that is projected to result from this rule will directly impact some of the most vulnerable beneficiaries in the Medicare program as well as their families.

A Significant Engine of Job Creation Will Be Stalled.

- Home healthcare is a significant driver of new job creation in America.⁴
- For example, the Bureau of Labor and Statistics (BLS) reported that the majority of all new healthcare jobs created in May were in the home health field.⁵
- Severe funding cuts and the net operating losses they will produce will stall this engine of job creation, however, and will directly impact thousands of small businesses.⁶
- As a result, the HHPPS proposed rule presents a direct threat to the health of the U.S. economy, small businesses, and the jobs market.

BOTTOM LINE

Nearly 3.5 million Americans rely on the Medicare home health benefit for high-quality, low-cost healthcare services. Please protect seniors and disabled individuals by preventing the drastic cuts proposed in the draft HHPPS regulation.

¹Savings from the ACA provisions, case-mix adjustments, and sequestration will total approximately \$72.5 billion between 2011 and 2020. This exceeds the total estimated savings projected by the CBO for the ACA's home health provisions and is equivalent to a 22% reduction in total Medicare home health funding. Home Health Rebasing: A Legal and Policy Analysis of Affordable Care Act 3131. Greenberg Traurig LLP and Cozen O'Connor P.C.

²Avalere Health Analysis of 2008 Medicare Current Beneficiary Survey, Access to Care file.

³In each state there are large numbers of beneficiaries who receive home health services that reside in counties that are partial Health Professional Shortage Areas. These beneficiaries have been left out of the analysis because it is not possible from the data to locate them in the areas of a county, which are designated as HPSAs. Avalere Health.

⁴Number of Jobs, 2010 and 2020 (projected), in thousands for home health sector vs. all industries (non-farm) sector. Avalere Health.

⁵Bureau of Labor Statistics. May Jobs Report. <http://www.bls.gov/news.release/pdf/empst.pdf>

⁶Home Health Job Projection. Avalere Health.