

MEDICARE REBASING

Medically Underserved Populations

Proposed Medicare Cuts of 14% Threaten Low Income, Very Ill Beneficiaries

The draft home health prospective payment system rule issued by the Centers for Medicare and Medicaid Services (CMS), proposes to cut Medicare home health funding by 3.5% each year from 2014-2017, totaling a full 14% cut to the Medicare home health benefit. These cuts pose an even more significant risk to those beneficiaries who have low incomes, are severely ill, or live in health professional shortage areas (HPSA).

The Affordable Care Act (ACA) calls on the Secretary of Health and Human Services to issue a report to Congress outlining how further cuts to home health will limit access to care by vulnerable populations. The ACA identifies as vulnerable populations those who are dually eligible under Medicare and Medicaid, and those living in geographical areas which are underserved. Unless addressed, the proposed home health regulation will significantly impact patient access in medically underserved areas.

Projected Impact of Rebasing on Health Professional Shortage Areas with Negative Margins in 2014¹

State	2014 Margin	2017 Margin	Percent of HH Beneficiaries in Full HPSA Counties	Percent of Dual-Eligibles in State
Arkansas	-11.4%	-27.9%	27%	23.0%
California	-.1%	-15%	72%	27.0%
Hawaii	-14.4%	-31.5%	21%	17.2%
Idaho	-4.1%	-11.6%	17%	14.8%
Indiana	-1.5%	-16.7%	43%	16.2%
Maine	-.2	-15.7%	50%	38.1%
Montana	-3.8%	-19.3%	38%	11.6%
Nevada	-3.4%	-18.8%	94%	12.4%
New York	-8.5%	-24.7%	62%	26.1%
Oregon	-11.4%	-28.0%	37%	15.9%
South Dakota	-15.4%	-32.6%	46%	15.6%
Wisconsin	-4.9%	-20.6%	62%	24.0%
Wyoming	-11.1%	-27.7%	89%	13.7%

As shown above, states with negative Medicare home health margins in 2014 have significant percentages of beneficiaries receiving home health care benefits who reside in full Health Professional Shortage Areas, as well as significant populations of beneficiaries who are dually eligible for Medicare and Medicaid.

Home Health Beneficiaries vs. Medicare Beneficiaries²

	Home Health	Medicare
Over age 85	24.2%	12.5%
Live alone	35.6%	29.4%
Three or more chronic conditions	83.2%	60.5%
Two or more Activities of Daily Living limitations	28.7%	10.6%
Report fair to poor health	45.8%	26.6%

Home healthcare beneficiaries are some of the poorest and sickest Medicare patients. Further cuts to home health will jeopardize their access to vital home health services.

¹ The percentages in the table for home health care beneficiaries who reside in Health Professional Shortage Area counties are a conservative estimate. In each state there are large numbers of beneficiaries who receive home health services that reside in counties that are partial HPSAs. 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.

² Home Health Chartbook. Demographics of home health users, 2011. Avalere Health.