

Medicare Rebasing & Home Healthcare

Impact of Current Law Cuts Should Be Considered

Under the Affordable Care Act (ACA), the Centers for Medicare and Medicaid Services (CMS) is authorized to rebase home health payments between 2014 and 2017. CMS has submitted a proposed rebasing rule to the Office of Management and Budget (OMB), which reports it is economically significant and will therefore impact the home health sector by at least \$100 million. Analyses¹ indicate that reducing home health payments by \$100 million corresponds to a 0.5% rebasing adjustment. **If Medicare home health reimbursement payments were cut by 0.5% annually, the national average Medicare margin would fall to 2.7% in 2017 and 18 states would have negative Medicare home health margins.**

Medicare Home Healthcare Has Already Been Hit With Deep Cuts

Since 2009, the nation's home healthcare community has experienced a number of Medicare payment cuts that will reduce reimbursement by more than 20 percent over the next a decade, as seen in the table below.

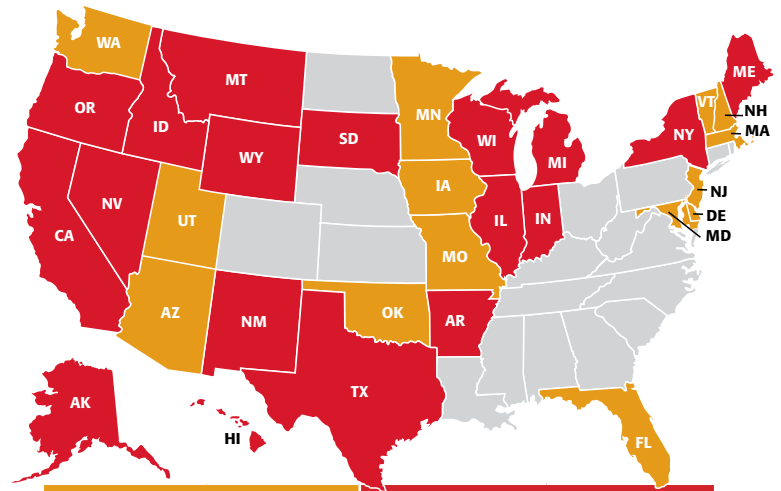
Legislative Cuts:	\$24.9 BILLION
<ul style="list-style-type: none"> • 2.5% Outlier Cut: Calendar Year (CY) 2011 • 1% Market Basket Cuts: CY 2011, 2012 and 2013 • 1% (est) Productivity Cut: beginning CY 2015 • 2% Sequestration Cut (2013-2021) 	
Regulatory Cuts:	\$47.6 BILLION
<ul style="list-style-type: none"> • 10% Outlier Limit: beginning CY 2010 • 1.32-3.79% Case-Mix Cuts: CY 2009, 2010, 2011, 2012, 2013 	
TOTAL Home Health Cuts (2011-2020):	\$72.5 BILLION³
= 22% MEDICARE CUT TO HOME HEALTHCARE ALREADY IN CURRENT LAW	

The Medicare home health benefit has experienced substantial cuts since 2009. To protect beneficiary access to care, CMS should carefully examine the impact of these cuts before further reducing Medicare home health reimbursement.

1. This analysis utilizes Medicare cost reports and the Medicare Payment Advisory Commission (MedPAC) methodology for calculating Medicare margins, which exclude many of the operating costs common to home health agencies as well as the costs of services that are commonly delivered to Medicare beneficiaries by home health agencies. If these costs were included in the analysis, the resulting home health Medicare margins would be even lower than those shown here.
2. 2017 is the year when the rebasing process authorized by the Affordable Care Act is to be completed.
3. Avalere Health. Cumulative Savings 2011-2020.

Additional Cuts of 0.5% Will Result in Narrow and Even Negative Margins in Nearly 65% of States¹

Analyses utilizing Medicare costs reports and the MedPAC methodology for calculating Medicare margins reveal that Medicare margins for home health agencies will reach dramatic lows by 2017² under current law with 0.5% rebasing.



Medicare Home Health Margins Will Be 0-5% (2017)		Medicare Home Health Payments Will Be Below Costs (2017)	
Arizona	4.9%	Alaska	-12.2%
Delaware	5.0%	Arkansas	-0.3%
Florida	1.8%	California	-1.3%
Iowa	3.3%	Hawaii	-15.1%
Massachusetts	3.8%	Idaho	-5.1%
Maryland	1.7%	Illinois	-0.4%
Minnesota	3.9%	Indiana	-2.7%
Missouri	2.9%	Maine	-1.4%
New Hampshire	4.4%	Michigan	-0.9%
New Jersey	3.9%	Montana	-4.9%
Oklahoma	2.1%	New Mexico	-1.1%
Utah	3.3%	Nevada	-4.4%
Vermont	1.2%	New York	-9.4%
Washington	2.3%	Oregon	-12.2%
		South Dakota	-16.1%
		Texas	-0.4%
		Wisconsin	-6.0%
		Wyoming	-12.0%