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Industry Concerned About Medicare's Home Health Pay Proposal

The home health industry sees a proposed Medicare pay raise for 2019 as good news but has concerns about some policy changes in the latest proposed rule.

The Centers for Medicare & Medicaid Services is proposing a new unit of payment, from 60 days to 30 days, and the potential for the CMS to make retroactive adjustments to pay rates.

The agency proposals ''represent some of the most significant changes in the home health payment system in nearly 20 years, '' William Dombi, president of the National Association for Home Care & Hospice, said in a statement July 3. ''An early review indicates that the proposed system needs more work,'' he added.

The proposed rule, issued July 2, would affect more than 11,000 home health agencies, including publicly-traded companies Amedisys and LHC Group, and would give the industry an approximate 2.1 percent raise in calendar year 2019. Comments are due Aug. 31.

Payment Period Changes The proposed rule would implement a new Patient-Driven Groups Model, which would pay for 30-day periods of care instead of 60-day periods and would stop using ''therapy thresholds'' to determine payment. This policy change would happen in 2020.

The CMS said in a statement that ''the improved structure would move Medicare towards a more value-based payment system,'' a priority for the agency.

The Bipartisan Budget Act of 2018 required the change to 30-day episodes.

Thomas Threlkeld, deputy director of policy and communications at the National Association for Home Care & Hospice, told Bloomberg Law July 3 the change from 60-day periods of payment to 30-day periods is ''not what we would have chosen'' and that he doesn't see ''how it improves the industry or improves care.''

The CMS first proposed the change in 2017 in a CY 2018 rule, according to the Medicare Payment Advisory Commission's March 2018 report. The CMS proposed the shorter length because it ''better matches patterns of care and so would improve the accuracy of CMS's case-mix model,'' the report said.

''It appears that the 2020 model is a modestly adjusted and 'warmed-over' version of the highly criticized Home Health Groupings Model re-labeled as the Patient-Driven Groupings Model. Many of the same weaknesses present in HHGM exist in this new version,'' Dombi said.

Jim Scott, president and CEO of Applied Policy, a Washington-based health-care consulting firm, told Bloomberg Law July 3 the new payment system would likely result in an increase in payments for home health agencies that provide more nursing visits than therapy visits and a decrease in payments for agencies providing more therapy than nursing visits.

Scott was previously a senior legislative adviser at the CMS and an assistant counsel with the Office of the Legislative Counsel of the U.S. Senate.

Concerns from Congress The CMS ''proposed this last year and got a lot of objections, particularly from the Senate Finance Committee,'' Scott said.

Scott said members of Congress were concerned about the lack of detail on how the revenue-impact figures were calculated and the absence of financial impact analysis for states. The 2018 proposed rule also would have resulted in $950 million in savings, but the law directed the CMS to implement it in a budget-neutral manner.

''I am concerned that CMS may be rushing to finalize complex policy changes too quickly,'' Senate Finance Committee Chairman Orrin Hatch (R-Utah) said in a 2017 letter to CMS Administrator Seema Verma. ''Given that the CMS proposed changes differ in certain aspects from reform options recommended by the Medicare Payment Advisory Commission (MedPAC), extra time and more robust data analysis is needed.''

A congressional aide told Bloomberg Law July 3 that Hatch would be reviewing the new proposed rule to see if the CMS had taken his questions about the process into account this time around.

This new proposal ''appears'' to be implemented in a budget-neutral manner, but Scott said he will be interested to see if the changes made to this proposal will address the concerns of the Senate Finance Committee, or if it will ''suffer similar criticism.''

Behavioral Adjustment As part of the proposal, the CMS is making assumptions about behavioral changes by providers that could result from a change to a 30-day period.

The National Association for Home Care & Hospice ''remains very concerned that the new model still includes a significant 'behavioral adjustment' '' that make unnecessary changes, Dombi said.

Threlkeld said the behavioral adjustments mean that the CMS will have the power to make ''preemptive and retroactive adjustment to payment rates.''

Threlkeld's concern is that the adjustments will be ''based on unproven assumptions'' about a provider's behavior and the proposed rule does not list the CMS's assumptions for the adjustment.

Cuts ''will be made without CMS knowing what they're cutting,'' Threlkeld said. ''If you're gonna make cuts, you should know what you're cutting.''

BY SHIRA STEIN

To contact the reporter on this story: Shira Stein in Washington at sstein@bloomberglaw.com

To contact the editor responsible for this story: Brian Broderick at bbroderick@bloomberglaw.com

