Daily Briefing: CMS Boosts Payment for Home Health Agencies, ESRD Providers

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CMS Reverses Proposed HHA Payment Cuts

In June, CMS proposed a 2.2% payment cut to HHA providers for 2024, which would have accounted for a -5.1% adjustment related to the Patient-Driven Groupings Model, as well as other factors. However, the agency reversed this decision in its final rule, instead increasing payments by 0.8%.

The 0.8% increase is based on a 3.3% market basket update, reduced by a 0.3% productivity adjustment. The change is expected to increase HHA payments by $140 million in calendar year (CY) 2024 compared to CY 2023.

CMS also finalized a net -2.6% permanent prospective payment adjustment to CY 2024 home health 30-day payment rate to account for any changes in aggregate expenditures due to differences in assumed and actual behavior changes. This decrease is half of the full adjustment, and CMS said it plans to apply the remaining adjustment in future years.

According to home health companies, the small payment rate increase for CY 2024, along with potential future cuts, will likely make it harder for them to recruit and retain workers in a competitive market. As a result, some companies could close and leave patients in certain areas without a home health provider.

"For agencies all across the country that are experiencing an 8% to 12% increase annually in what they are paying for labor, an 0.8% increase isn't going to help them," said **Partnership for Quality Home Healthcare** CEO Joanne Cunningham.

Dan Savitt, president and CEO of **VNS Health**, which provides home health and hospice services in New York, said home health deserts are already appearing in the New York City metro area. Currently, VNS Health is only able to fill around 30% of the home health referrals it receives in the Bronx.

"It makes it really difficult when CMS makes a cut to even sustain yourself as a home health organization," Savitt said.

Payment cuts could also further exacerbate existing delays in transferring patients from hospitals to post-acute care. According to data from home healthcare technology company **WellSky**, HHAs could only accept 55% of patient referrals as of July.

Hospitals that have to keep patients longer than medically necessary will face higher overall costs since they are not reimbursed for the additional days. The **American Hospital Association** (AHA) has also said it is concerned about how CMS' HHA payment rule could impact the industry.

"Home health providers are important partners in that continuum and properly resourcing them is crucial to ensuring hospitals can discharge patients in a timely manner," said Jonathan Gold, AHA senior associate director of payment policy.

CMS Increases Payments to ESRD Facilities

CMS has also finalized payment rates and policies for the ESRD prospective payment system for renal dialysis services for CY 2024. Under the final rule, CMS is increasing the ESRD base payment rate to $271.02, which increases total payments to ESRD facilities by approximately 2.1%.

The rule also includes several changes to ESRD payment policies. One of these changes is a new adjustment that will increase payment for certain new renal dialysis drugs and biological products after the Transitional Drug Add-on Payment Adjustment period ends.

There are also new requirements for reporting ESRD claims. Starting Jan. 1, 2025, providers will be required to report "time on machine" data, which captures the length of time that a beneficiary spends receiving in-center hemodialysis treatment. They will also have to report the discarded amounts of certain renal dialysis drugs and biological products from single-dose or single-use containers and packages.

The final rule also includes a new transitional add-on pediatric ESRD dialysis payment adjustment for CYs 2024, 2025, and 2026. According to CMS, this adjustment will help promote equitable and accurate payments since treatment for pediatric ESRD patients is typically complex and costly.

The final rule also discusses responses to requests for information on potential future rulemaking on updates to the low-volume payment adjustment (LVPA) methodology, as well as the possible creation of a new payment adjustment that would increase payments to ESRD facilities that are geographically isolated. Certain exceptions to the LVPA process for ESRD facilities impacted by disasters and other emergencies were also finalized.