Home Health Care News

Joyce Famakinwa, July 14, 2023

At the end of last month, the U.S. Centers for Medicare & Medicaid Services (CMS) published its home health proposed payment rule for 2024. The proposal, almost immediately, drew a negative response from key home health stakeholders.

The main headline was CMS’ decision to propose a home health payment decrease of 2.2%. The proposal also includes a 5.653% permanent rate cut.

As a response, the National Association for Home Care & Hospice (NAHC) filed a lawsuit against CMS and the U.S. Department of Health and Human Services (HHS) last week, alleging that policymakers utilized an inadequate methodology to determine payment.

Aside from the cuts, providers also had other concerns about the proposed payment rule.

Home Health Care News heard from eight home health executives and leaders who weighed in on what ramifications the proposed rule could have on their business — and the industry at large — if finalized. Aside from the cuts, some of them also touched on other aspects of the proposal that they believe the industry should be paying close attention to.

Responses are listed below, lightly edited for length, style and clarity.

In proposing another round of harmful cuts, CMS is ignoring the basics. While more patients are being referred to home health care, fewer are actually getting care because home health agencies don’t have the workforce. Since 2018, there’s been more than a 300% increase in patients not admitted onto home health because

agencies did not have the staff. That's putting greater strain on hospital capacity by increasing readmission rates and average lengths of stay. The situation is even worse in communities suffering from "home health deserts," where patients are starved of health services and disparities in care continue to rise.

CMS is moving the goalpost on HHVBP yet again by changing the baseline year to 2023 — after changing it from 2019 to 2022 last year. This rewards agencies that have not invested in quality improvement programs, penalizes those that have, and makes it harder to set goals, measure progress and make any needed course corrections.

— Dan Savitt, president and CEO, VNS Health

***

The cumulative effect of multiple years of CMS cutting what home health providers would otherwise receive as a rate update is taking its toll on patient care and restricting access to the home health benefits that Medicare beneficiaries have earned. As a result of the cuts, like our peers, VitalCaring will have fewer resources in 2024 for the patients who trust us to provide vital services. Our commitment to providing excellent care and meeting patient expectations won't change, but we will need to be more creative in how we deliver services to meet this challenge. Leveraging technology and equipping our clinicians and caregivers to maximize their time will be key strategies to use in navigating a tougher financial environment.

Apart from the actual rate cuts, the most alarming element of the proposed rate rule is the cut that CMS considered, but did not propose to implement. Representing more than a 20% reduction in payment rates, the temporary payment adjustment CMS calculated and considered could have had a devastating impact if levied. The changes CMS proposed to LUPA thresholds, case mix weights, and points ascribed to functional impairment levels all need to be reviewed and understood by home health agencies. CMS' proposal to increase oversight and regulation specific to home health and hospice M&A activity will likely have impacts on the M&A landscape in 2024 and beyond. Finally, the proposed changes to the Home Health Value-Based Purchasing (HHVBP) Model that begins in 2025 will include significant changes to that program and each home health agencies performance scores within it

— Luke James, president, VitalCaring

***

As conservative as we would like to be as home health care providers, the additional 2.2% proposed for 2024 in addition to the previous years' cuts could prove really problematic for smaller agencies such as ours. The culmination of the PDGM decreases of -3.925 and value-based purchasing on the horizon sets the stage for very selective and strategic admissions and patient-centric recertifications driven by maintenance therapy, efficiency and lower-acuity patients.

Thus, many of the patients who need care at home the most may carry a higher financial risk or burden to most or many providers. The unfortunate catch-22 results in readmissions to hospitals and, perhaps, even being wait-listed for long-term care centers and rehabilitation centers. These alternatives bear greater expense to the health care continuum as a whole and counters the goal of aging in place.

— Cleamon Moorer Jr., president and CEO, American Advantage Home Care

***

The home health industry is being forced through a transition with these egregious rate cuts. And whether in sports, personal life, or business, transitions hurt. All cost structures will need to be evaluated. All managed care contracts will need to be renegotiated. Hard choices and cuts will have to be made, but with a focus on never compromising patient care. The proposed cuts are likely to impact the ongoing viability of some providers, which will lead to reduced access to skilled home health services for a vulnerable population.

CMS has a blank check to continue to rebase the home health industry indefinitely in the way they are interpreting the budget neutrality provision. Every year going back and evaluating our cost of service to 2019 and how the business was managed then. We have no choice as an industry but to put every resource we have into the courts, and legislative and regulatory advocacy, to get this changed, or else we will be paying for this for years.

— Stephan Rodgers, CEO, AccentCare

***

We are projecting that, if finalized, the 2024 proposed payment rule will decrease our revenue by approximately 3.17%. The proposed rule seems to solidify the theory that CMS is trying to trim the number of home health providers in the market. The cuts will obviously be detrimental to smaller providers that do not have the volume to spread their overhead expenses.

— David Lester, CEO, ProHealth Home Health & Hospice

***

The cost to provide care continues to rise at a time when we have an aging population and an increased demand for in-home care. The methodology utilized in the proposed rule does not reconcile with the environment we are facing. A rate cut under these circumstances could create a challenge for providers and ultimately deny access to quality care for patients. My concern is access to high-quality care, especially in markets that may already have limited access. The proposed rule will only exacerbate that concern for me, our patients and the families we serve.

— David Klementz, president and CEO, Traditions Health

***

The proposed rule certainly isn't helpful at a time when there's increasing demand for home-based care and patients with more complex care needs can be treated safely and effectively at home. We need adequate resources to meet the needs of our aging population and provide the access our communities require, so we will continue to work to educate policymakers. It's clear not only that people prefer to receive care at home,

but that high-quality home-based care achieves timely transitions from hospitals to home, better coordination of care and fewer rehospitalizations — all of which produce overall savings to the Medicare program.

— Laura Templeton, executive vice president and chief operating officer, Compassus

***

These cuts will just make it more difficult to meet patient care needs. The standard payment amount for a 30-day home health episode will decline nearly 3% from 2022 to 2024 under this rule, which is completely detached from our experience as it relates to growth in our costs of care during this period. These proposed cuts for 2024, and any future additional temporary adjustments, will add measurably to our challenge to recruit and retain clinicians, and invest in the additional training and technology required to further improve patient outcomes and drive savings in Medicare. Home health reduces the need for high cost facility care. These cuts will actually increase total health care costs for Medicare. We urge CMS not to make decisions in silos.

— Ananth Mohan, chief operating officer, Elara Caring