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Medicare Home Health Rural Add-On (S. 353)

Background:

The longstanding Medicare rural add-on for home health services is set to expire on December 31, 2017. This three percent payment modifier to reimbursements for services provided in rural and underserved areas continues to be crucial to maintaining access to care. Rural agencies face higher overhead expenses through factors such as increased travel time between patient visits and demands for extra staff. This payment modifier is imperative so that rural agencies will be able to keep their doors open and provide necessary care to homebound patients.

Congress has repeatedly determined, with bipartisan support, that the home health rural add-on is needed to maintain care access and quality in rural areas. Dating back to 2000, the Benefits Improvement and Protection Act established a ten percent addition to services provided in rural areas. In 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 reestablished the rural add-on at five percent. The Deficit Reduction Act of 2006 extended the five percent add-on through 2006. The Patient Protection and Affordable Care Act reinstated the rural add-on at a rate of 3 percent through December 31, 2015. The three percent add-on was extended as part of the Medicare Access and CHIP Reauthorization Act in 2015 through December, 2017.

Issues/Concerns:

- There are higher costs for home care in rural areas primarily due to travel time.
- Home care is often the substitute for primary care in rural areas with the shortage of physicians.
- A loss of access to care in rural areas negatively impacts patients and Medicare as care and its costs shift to institutional care.
- Congress has repeatedly supported, on a bicameral, bipartisan basis, a rural differential or rate add-on since the 1980s.

Benefits:

- Rural home care brings great value to rural residents as it helps prevent the need for urgent care, inpatient hospitalizations, and institutional care.
- Home health agencies have demonstrated that the combination of highly skilled staff and modern health care technologies brings high quality of care to rural residents.

This legislation would:

- Extend the 3% rural add-on through December, 2022.
- Offset the cost of the add-on through a revision to the Medicare home health outlier payment funding.