

Protect the Medicare Home Health Rural Add-on

BACKGROUND

The longstanding Medicare rural add-on for home health services will be phased out over the next 2-4 years, threatening the provision of the benefit in rural areas. This three percent payment modifier to reimbursements for services provided in rural areas continues to be crucial to maintaining access to care. Rural agencies face higher overhead expenses due to 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 Congress has continually extended the rural add-on with only minimal gaps. As initially applied to the Medicare Home Health Prospective Payment System, the add-on was set at 10%, and then decreased to 5%, followed by 3%. Most recently, the Bipartisan Budget Act of 2018 called for phasing the add-on out over the next 2-4 years, leaving many providers questioning how they will be able to stay in business.

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.

WHAT CONGRESS CAN DO:

- Extend the 3% rural add-on for three years;
- Require a study on its application and any needed reforms to ensure its ongoing success.



For More Information

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