

Stabilize the Medicare Home Health Care Delivery System Through Expedited Funding or Rate Adjustments



The COVID-19 pandemic has triggered an unprecedented disruption in the home health agency (HHA) infrastructure, and the home health delivery system is experiencing significant financial stress. 41.33% of HHAs report they are serving COVID-19 positive, confirmed infected patients while still caring for much of the usual 3.5 million patient population. Early data reveals:

- Medicare home health reimbursement has dropped by approximately 20% while the costs of maintaining operations have decreased only slightly. Notably, 31.42% of HHAs report a greater than 20% decrease in revenue in 2020. Rural HHAs are not immune to the impact of COVID-19. The study data indicate comparable impact on HHAs serving rural patients on all counts.
- Patient admission volume overall has decreased significantly, partly due to the suspension of elective surgeries, such as joint replacements, which had been an important part of an HHA patient census. Two-thirds of HHAs indicate a 10% or greater drop in patient admissions, 56% report a drop of greater than 15%, and 38% indicate a reduction of patients of more than 20%.
- A large number of non-COVID-19 patients are refusing care or reducing their in-person visits by HHA staff to minimize risk of transmission of the virus. Over 87% of HHAs report that prospective patients are refusing admission to care and 97% of HHAs report that patients are refusing visits due to concerns with transmission of the virus. This has led to a significant loss in revenue as "LUPA" or Low Utilization Payment Adjustment (LUPA) payments increased from a 7% average to over 15%.
- Patient service costs have increased due to reduced staff productivity, infection control expenses, increased administrative burden due to closures of physician offices and other partners, and isolation/quarantining of caregivers suspected of exposure to the virus.

STABILIZATION OF THE MEDICARE HOME HEALTH PROVIDER COMMUNITY IS NEEDED.

With funding equaling 6.2% of 2019 Medicare fee-for-service revenue made available under the CARES Act, a step was taken toward mitigation of the estimated 20% in overall losses to HHAs due to COVID-19. However, additional financial relief is needed to continue to stabilize the financial foundation and infrastructure of home health agencies. Without significant financial supports, the HHA delivery system is at risk of significant long-term harm from these factors beyond their control. The ultimate level of impact will be affected by the time we reach the full length of the pandemic.

The home health community asks for additional temporary relief to mitigate the losses to the home health care delivery system. The National Association for Home Care & Hospice (NAHC) and the Partnership for Quality Home Healthcare (PQHH) ask for the following relief measures to support the infrastructure and operations of HHAs.

Financial impact data referenced due to COVID19 is data from the National Association for Home Care and Hospice (NAHC) survey on April 6-17, 2020 of over a thousand home care providers from every state in the nation.

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NAHC and PQHH recommend:

Increase Medicare 2020 financial support by 15%. The financial impact from COVID-19 is reducing HHA revenue by 20-25%. The earlier CARES Act emergency fund allocation and the upcoming suspension of the 2% sequestration took steps to address these losses but unfortunately more assistance is needed to ensure HHAs can continue delivering care to patients. A temporary additional 15% in funding is needed during the Public Health Emergency (PHE) period to stabilize HHAs. This will prevent widespread agency closures, staff layoffs, and maintain access to care throughout the pandemic and thereafter. This temporary relief could be provided through continued relief supplied to HHAs through the CARES Act funds, or through a temporary PHE rate enhancement (or a combination). The need is for both rural and non-rural based HHAs. Rural HHAs may warrant special consideration beyond this request as the entire infrastructure of care delivery in rural areas had been weakened even before the pandemic.

HOME HEALTH IS A VITAL PART OF THE CARE DELIVERY SYSTEM.

Home health services are increasingly needed during the pandemic and are a vital part of our nation's health care system. Currently, 3.5 million Medicare beneficiaries receive home health care. The relief sought is intended to help address the massive revenue losses triggered by COVID-19. With respect to the rate increases, Medicare overall is protected by an existing budget neutrality requirement that ensures that these changes do not unnecessarily increase Medicare spending over the next several years. As such, a temporary rate enhancement request simply accelerates the rate setting process rather than adding to current payment rates. An expedited approach to payment rate setting is needed now as delaying such action to 2021 is not sufficiently timely to ensure continued operations.

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