

CHOOSE HOME: Legislation To Modernize Medicare to Allow Seniors to Recover at Home



New legislation would allow qualifying Medicare beneficiaries recovering from a hospitalization to choose to receive post-hospital services in their homes, rather than in an institutional setting. The legislation would modernize Medicare’s “post-acute” benefits by building in a clear choice for home-based recovery in qualifying cases, which would save beneficiaries and the Medicare program money, and provide a new alternative post-acute benefit that allows recovery in the most comfortable and cost-efficient setting – the home.

What is the new benefit? The new benefit would be available for those eligible for both skilled nursing facility (SNF) and home health agency care, and include:

- A 30-day unit of service combining today’s Medicare Home Health Benefit with additional supportive care services including:
 - Personal care;
 - Non-emergent transportation;
 - Nutritious meals;
 - Additional remote patient monitoring; and
 - Adaptive equipment for the home.

How will it work? As part of the hospital discharge planning process, beneficiaries who qualify for skilled nursing facility and home health benefits would be given the choice to recover at home with traditional home health agency services, including skilled nursing and therapy services, plus additional new benefits that support care in the home as described above. Today, beneficiaries may prefer to recover at home but lack the supportive care resources to make that choice and are instead channeled into less comfortable, and less cost-efficient, institutional settings.

Example of Savings for Both Medicare and a Beneficiary:

Mrs. Jones is recovering from hip replacement surgery. She is functionally impaired and requires physical and occupational therapy, skilled monitoring, and support for activities of daily living. She is expected to have a SNF stay of four weeks costing \$580 per day. After consultation with her doctor and the hospital discharge team she chooses to receive her post-acute care at home.

By choosing to receive her post-acute care at home, Medicare experiences significant savings. In addition, Mrs. Jones avoids costly coinsurance while receiving high quality skilled care in the safety and comfort of her home.

	SNF Care	Home Health Care
Cost to Medicare	\$16,240 ¹	\$9,530 ²
Cost to Mrs. Jones	\$1,408 ³	\$0.00
Savings to Medicare	N/A	\$5,302
Savings to Mrs. Jones	N/A	\$1,408

¹ Based on a SNF Payment of \$580 per day per 2020 rates.

² Based on 2020 Home Health episode payment of \$2,170 plus a Choose Home payment of \$7,360.

³ Based on 2020 SNF coinsurance amount of \$176 per day starting on day 21.

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How will Choose Home save money? In general, the Medicare program spends more money when beneficiaries use institutional care services following a hospital stay, and beneficiaries can incur high out-of-pocket expenses. Medicare spends less when patients who are eligible choose to recover in their own homes with the support of skilled nursing and therapy services from home health agencies, and beneficiaries incur no out-of-pocket expenses. If more beneficiaries choose home because of the addition of supportive care services, the Medicare program will have significant savings. In addition, beneficiaries will save by avoiding costly skilled nursing facility coinsurance. This legislation would limit the new benefit's cost to no more than 80% of the national median cost of a skilled nursing facility stay.

What are the potential savings for the Medicare program from Choose Home? An outside health care economics firm, Dobson DaVanzo, has estimated the Choose Home program could generate Medicare savings of \$144-247 million per year (approximately 6.5-11.1% of SNF 1st PAC payments), with \$1.6-2.8 billion in savings over 10 years, in SNF care substitutions. In simulations, Choose Home episodes tend to generate savings when substituting for SNF care as payment rates are not reflective of facility costs.

Total savings estimates are reliant on the:

1. Volume of current SNF cases to be substituted by Choose Home;
2. Assumptions about how many hours of medical supervision would be required for patients substituting out of SNF care; and
3. Relative costs of care under the Choose Home add-on with HHA care substituting for SNF care.

Individual home health providers have done additional modeling of potential savings, using their own data, clinical experience in the post-acute field, MedPAC data, and the growing demand from hospital partners. Choose Home seeks to expand the post acute population that could be safely and effectively cared for at home versus a SNF. Estimates from the provider community anticipate that 10% to 20% (2019 - 2 million SNF stays) of patients otherwise destined for a SNF could be cared for in the home, resulting in at least 200,000 patients annually who would be appropriate for this benefit. This potential annual savings to Medicare is much higher: \$925 million annually.

(Source: 2020 MedPAC Annual Report indicates a SNF average per diem Medicare payment at \$517 per day and an average stay of 24.8 days yielding a spend average of \$12,821. In contrast, a 2021 Medicare HH 30 day standard payment of \$2,170, plus an estimated average payment of \$8,193 for the added Choose Home benefit, results in a per patient savings estimate of \$4,629 without use of the 80% of median SNF cost failsafe in the bill).