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Chairman of the Board

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President

October 27, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representative
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, & Leader McConnell:

The National Association for Home Care and Hospice (NAHC) is the largest trade association representing the interests of home care and hospice agencies nationwide including nonprofit, proprietary, urban, and rural based, hospital affiliated, public and private corporate entities, and government run providers of home health care and hospice since 1982. We write to you today to strongly urge Congress to include in end-of-the-year legislation provisions to extend the moratorium on Medicare sequester cuts and to prevent the *Statutory Pay-As-You-Go Act of 2010* (Statutory PAYGO) sequester from taking effect at the end of this session of Congress. This legislation is necessary so that home home-based care providers can continue to care for patients, families, and communities.

The COVID-19 pandemic, coupled with an unprecedented health care workforce shortage crisis, continues to strain home health care and hospice agencies' ability to meet the demand for their vital services. These services allow some of the sickest and most vulnerable Medicare beneficiaries to receive care in the setting they most prefer - their own homes and communities. By facilitating care in the home, NAHC provider members honor patient and family wishes, keep vulnerable individuals out of acute care settings that could expose them to COVID-19, and save the Medicare program resources by meeting patient's holistic needs in a lower-cost environment.

Despite these benefits, home care has not been immune to the financial headwinds of the COVID-19 pandemic and response. Major and ongoing financial pressures on home care providers include higher expenses for labor and supplies, lost revenues due to forgone routine visits, and increased emergency costs associated with COVID-19 surges, among others. As indicated by the official renewal of the public health emergency (PHE) until January 16th, 2022, the pandemic remains a major threat to both patient safety and provider operational capacity. Allowing the combined scheduled Medicare cuts to take effect on January 1, 2022 would reduce access to high-quality home-based medical and social services for those individuals and families who have never needed them more.

The Budget Control Act of 2011 put in place mandatory across-the-board reductions in certain types of federal spending, also known as sequestration. Medicare reimbursement claims are subject to a 2% reduction under sequestration. *The Coronavirus Aid, Relief, and Economic Security Act (CARES) Act* (PL 116-136) included necessary relief from sequestration as it applies to Medicare payments through Dec. 31, 2020. Congress has since acted boldly twice more in 2021 to further delay sequestration reductions during the PHE. However, absent additional action, the 2% cuts will take effect on January 1, 2022.

In addition, because of the budgetary impacts of the *American Rescue Plan Act of 2021*, Medicare, under PAYGO requirements, faces another 4% reduction totaling around \$36 billion slated for January 1st. Under these rules, mandatory spending and revenue legislation that increases the federal budget deficit without offsets triggers automatic across-the-board cuts to certain programs, including Medicare. In the past, Congress has always acted to waive the PAYGO reductions, preventing devastating cuts to Medicare and other federal spending programs.

The combination of the 2% sequestration and 4% PAYGO payment reduction exceeds the budget margins of most home health agencies and hospices in the country. The negative impact on care is fully foreseeable. We strongly urge Congress to again act to stop these cuts and protect patient and family access to health care services, especially those provided in home and community-based settings that are keeping people safe and comfortable during the ongoing pandemic.

We are grateful that Congress has acknowledged the burdens the health care system has endured because of the PHE and taken steps to provide much-needed relief from previously scheduled cuts. NAHC is appreciative and heartened by the recent letter signed by 247 members of the House of Representatives requesting additional action be taken to avert the impending Medicare cuts of which we write today.¹ Unfortunately, many of the pandemic conditions that justified the waiver of these reductions in the recent past are still with us, impacting home care providers' ability to fully respond to the needs of the communities they serve. As such, we respectfully ask that Congress pass legislation before the end of this year that will avert the impending 2% sequestration and 4% PAYGO-induced Medicare reimbursement reductions.

Thank you for consideration of this recommendation. NAHC stands ready to provide further assistance and resources as negotiations develop. Should you have any requests or require further discussion, please contact me at 202-236-6992 or wad@nahc.org.

Sincerely,



William A. Dombi, Esq. President

¹ <https://bera.house.gov/sites/bera.house.gov/files/documents/Physician%20Pay%202021.10.14%20final.pdf>