HCANYS

Home Care Association of New York State

SUPPORT THE PRESERVING ACCESS TO HOME HEALTH ACT
STOP CMS's DEVASTATING HOME HEALTH CARE CUTS!

Background – CMS Payment Conversion Leads to Catastrophic Cuts

In 2020, CMS converted to a new Medicare payment system for home health care, called the Patient Driven Groupings Model (PDGM). While intended by Congress to render a more patient-centered finance system, CMS applied an untested budget-neutral methodology that has led to billions in devastating cuts to current and prospective Medicare home health payments.

These cuts severely undermine Medicare home health services, along with hospitals and health system services dependent on home health. CMS cuts in the Medicare Home Health Prospective Payment System (PPS) Rate Update and Wage Index Update for each year for Calendar Years (CY) 2020 through 2024, and as further finalized for 2025, suffer a compounded impact on New Yorkers' access to life-saving medical care at home, and worsens the already crisis-level capacity limits of NY hospitals. The health outcomes, well-being, and quality of life for patients in New York are further compromised if CMS is allowed to continue these cuts.

Stop The Cuts: Enact The Preserving Access to Home Health Act

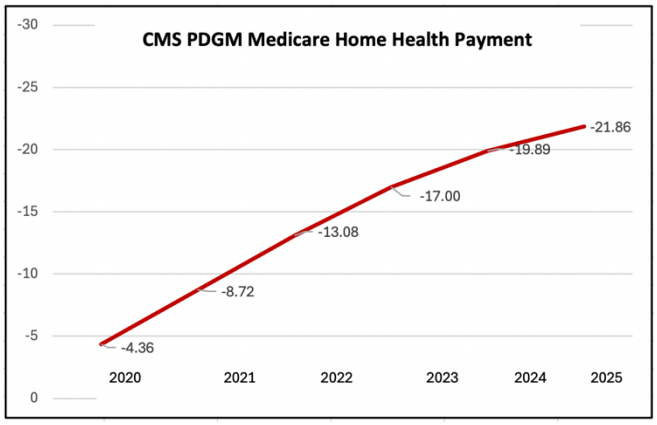
The Preserving Access to Home Health Act S.2137/H.R.5159 (PAHHA) by Senators Stabenow (D-MI) and Collins (R-ME) and Reps Sewell (AL-7) and Adrian Smith (NE-3) will stop CMS from imposing these permanent and temporary payment cuts.

The PAHHA:

- Repeals CMS's authority to make these permanent and temporary payment cuts based on its misguided budget neutrality methodology.
- Instructs MedPAC to analyze the Medicare Home Health Program, requiring MedPAC to report on aggregate trends under Medicare Advantage, Medicaid, and other payers, and consider the impact of all payers on access to care for the Medicare population.
- Requires MedPAC to be transparent in its calculations, and it updates the Commission's Medicare home health cost reports to include data on visit utilization and total payments by program.

Impact of The Cuts on Home Health, Hospitals, The Health System

Since 2020, every iteration of CMS's payment rule depletes the system, compounding cuts of -4.36% in 2020, - 4.36% in 2021, - 4.36% in 2022, -3.92% in 2023, -2.89 in 2024, for a combined total of 19.89%. CMS has just recently finalized an additional 1.975% payment reduction for CY 2025, for a total accumulated cut of over 21.86%.



These reduced levels are further subject to Medicare sequestration cuts of 2%, and wage-region index adjustments in the new proposed payment rule ***reducing*** the New York City area wage by over 4% and the wage index for the Long Island region by over 5%! These cuts are unsustainable for Medicare home health services to elderly and disabled constituents.

Meanwhile, national Medicare home health funding was already down even prior to these cuts.

- see reverse side -

388 Broadway Fourth Floor Albany, NY 12207 **P** 518-426-8764 **F** 518-426-8788 **E** INFO@HCANYS.ORG WWW.HCA-NYS.ORG

Home Health Impacts and Compounding Factors that Portent Catastrophe:

- Across NYS, prior to the implementation of the CMS cuts, approximately 52% of what is just over 100 home health agencies operating in New York were providing services at negative margins that averaged around minus-21% due to chronic underfunding and support.
- Workforce shortages are uniquely impacting home health care and are compounded by chronic underfunding to this sector, that is now far worsened by the CMS rate cuts.
- In just the final quarter of 2023, 4 home health agencies in upstate NY communities were forced to close, including the agency jointly sponsored by 2 hospitals and serving the largest geographic region of the state due to under-reimbursement and workforce shortage implications. Many others, urban and small community, have closed previously, and many more are imperiled.
- Arguing for the PAHHA and the stoppage of these cuts, when comparing cohorts, patients who receive home health services within 7 days of discharge see substantially lower emergency department, readmission, and mortality rates in 90 days following discharge, as well as a lower 90-day total cost of care than patients who go home without home health services.

Hospital Impacts

- Hospitals are highly dependent on home health services to help prevent and divert ER demand and admissions, transition patients to post-acute recovery and care, and to partner on surgical, primary and other preventive medical management. Moreover, NYS hospitals are also grappling with severe discharge delays for complex cases resulting in extended stays and fewer beds available for more acute cases and cite inability of placement setting (including home health) to accept cases as the primary reason for delays. The worst scenario is for home health access to be further diminished; instead, access needs to be supported and expanded.
  - Over 400,000 New Yorkers are referred for home health services every year; 63% of those referrals are made by hospitals.
  - NY hospital referrals in 2022 were 79% higher than 2019, but agency acceptances were down over 50% from 2019.
- These cuts mean New Yorkers will linger in hospitals longer, their health outcomes will decline, health care costs will continue to rise, and overall quality of life for these patients will suffer.

Medicare Systemic Impact – Thwarting HHVBP and $3.76 Billion in Home Health Savings Capacity

- Crippling and eliminating the very agencies that CMS and Congress intend to produce $3.76 Billion in Medicare savings through the Home Health Value Based Purchasing Model for CYs 2024 through 2027 from, according to CMS, “reductions in unnecessary hospitalizations and SNF usage as a result of greater quality improvements in the HH industry,” thwarts the very cost-savings, health system improvements, and quality of care/quality of life improvements that are the goals of the Congress and the Administration.

Stop The Cuts: Enact The Preserving Access to Home Health Act!!

Data sources:
Home Care Association of NYS ‘2022-23 & 2023-24 State of the Industry Reports
VNS Health ‘Home Health Crisis Report’
HANYS ‘Complex Case Discharge Delay Problem’