



OFFICE OF MINORITY HEALTH

Medicare Home Health Agency Spending 2007 – 2013 Payment and Utilization Trends

Data Highlight | Fall 2015

Introduction: Most older adults prefer to live in their own homes and communities.¹ Medicare covers part-time or intermittent skilled nursing care, home health aide visits, physical therapy, speech-language pathology services, occupational therapy, medical social services, and routine and non-routine supplies from certified home health agencies (HHAs) to support patients, who are eligible for the Medicare home health benefit, in their homes. Under Fee-For-Service (FFS) Medicare Part A and/or Part B, each 60-day episode of care is paid at a prospective base rate adjusted for the health condition and care needs of the beneficiary and area wage differences with outlier payments for those who incur unusually large costs in an episode and a low-utilization payment adjustment for four or fewer visits in an episode. This data highlight presents information about Medicare FFS HHA payments from 2007 to 2013, as well as spending by gender, race and ethnicity, and dual eligible status during 2013, to show differences in spending and utilization among these groups.

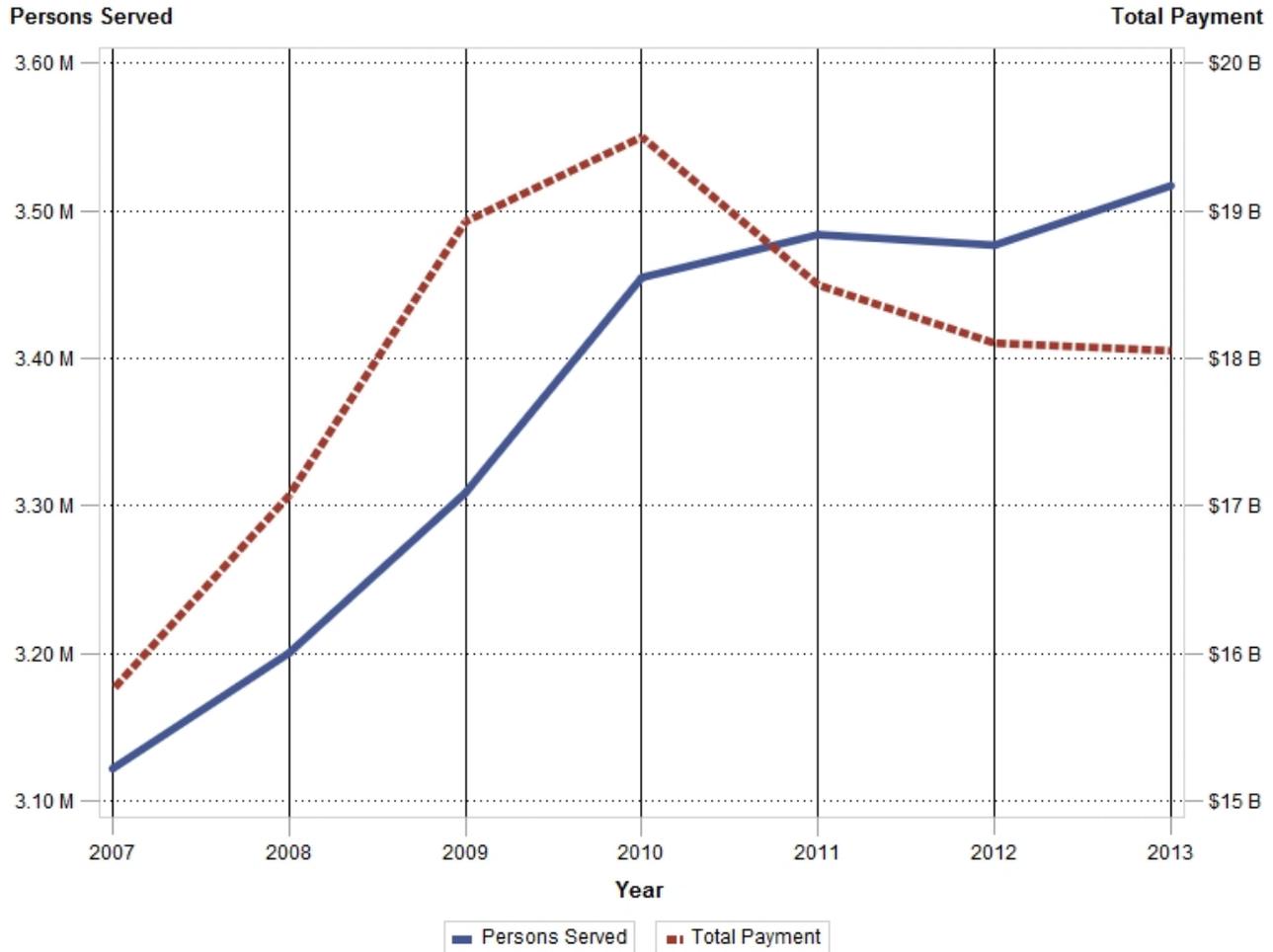
Methods: Using the Centers for Medicare & Medicaid Services (CMS) Integrated Data Repository (IDR), all FFS final action claims were selected for calendar years 2007 to 2013 based upon the claim type code of “10” which identifies HHA claims. Individuals enrolled in both Medicare and Medicaid simultaneously, referred to as “dual-eligible beneficiaries”, were categorized as either full-benefit or partial-benefit, depending on their level of coverage. The mean, median, and sum of claim payment amounts were calculated, and a count was taken of unique beneficiaries, which are defined as persons served.

Results: From 2007 to 2013, total Medicare FFS Home Health Agency payments increased from \$15.7 billion to \$18 billion, an average annual rate of growth of 2%, while the total beneficiaries served grew from 3.1 million to 3.5 million. During this period, the average claim payment amount has decreased very slightly while the median has increased. Payments differ by gender, race, and dual eligible status. Overall total spending is highest among female, non-Hispanic white, non-dual-eligible beneficiaries. Total and average claim payment amounts are consistently higher for females than males. Among racial and ethnic groups, non-Hispanic white beneficiaries account for the majority of total spending and persons served. Hispanics have the highest average claim payment amounts and American Indian and Alaska Natives have the lowest. Average claim payment amounts increased for non-Hispanic white beneficiaries over this time but decreased for all other racial and ethnic groups. Total and average claim payment amounts are highest among beneficiaries enrolled in Medicare only. While noted differences were identified in the use of HHA services, more research is necessary



to determine if disparities in access, cost and/or quality exist.

Chart 1 – Total Payment and Persons Served Trends – 2007 through 2013



- From 2007 to 2013, total Medicare FFS Home Health Agency payments increased from \$15.7 billion to \$18 billion, an average annual rate of growth of 2%.
- Total beneficiaries served grew from 3.1 million in 2007 to 3.5 million in 2013.
- Total payments peaked in 2010, followed by reduced overall spending each year.

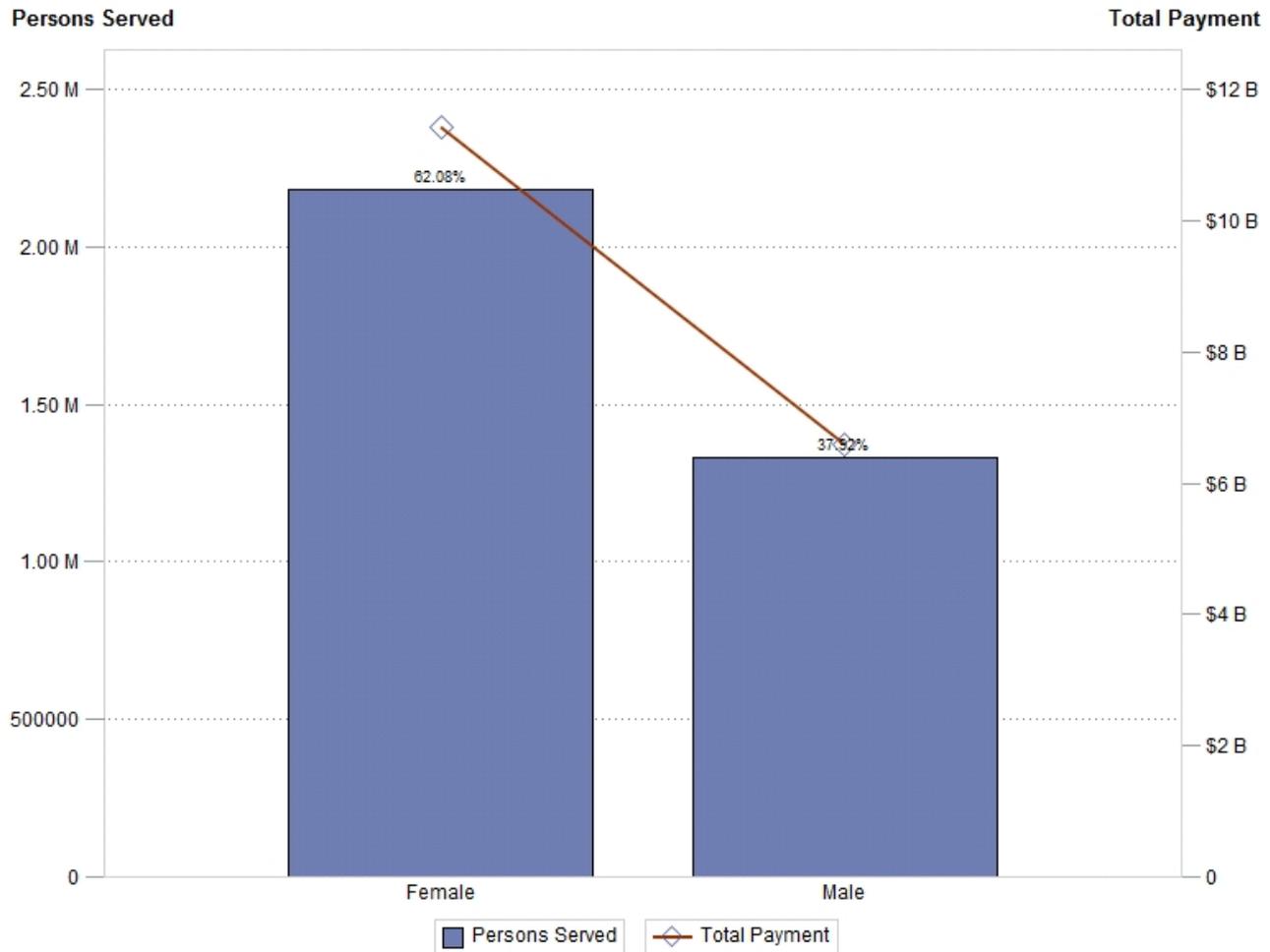
Table 1 – Average and Median Payment Trends – 2007 through 2013

Claim Payment Amount	2007	2008	2009	2010	2011	2012	2013
Average	\$2,681	\$2,736	\$2,843	\$2,802	\$2,636	\$2,623	\$2,626
Median	\$2,205	\$2,255	\$2,299	\$2,350	\$2,251	\$2,394	\$2,404

Source: CMS OMH Analysis (low-utilization payment adjustment (“LUPA”) episodes are included)

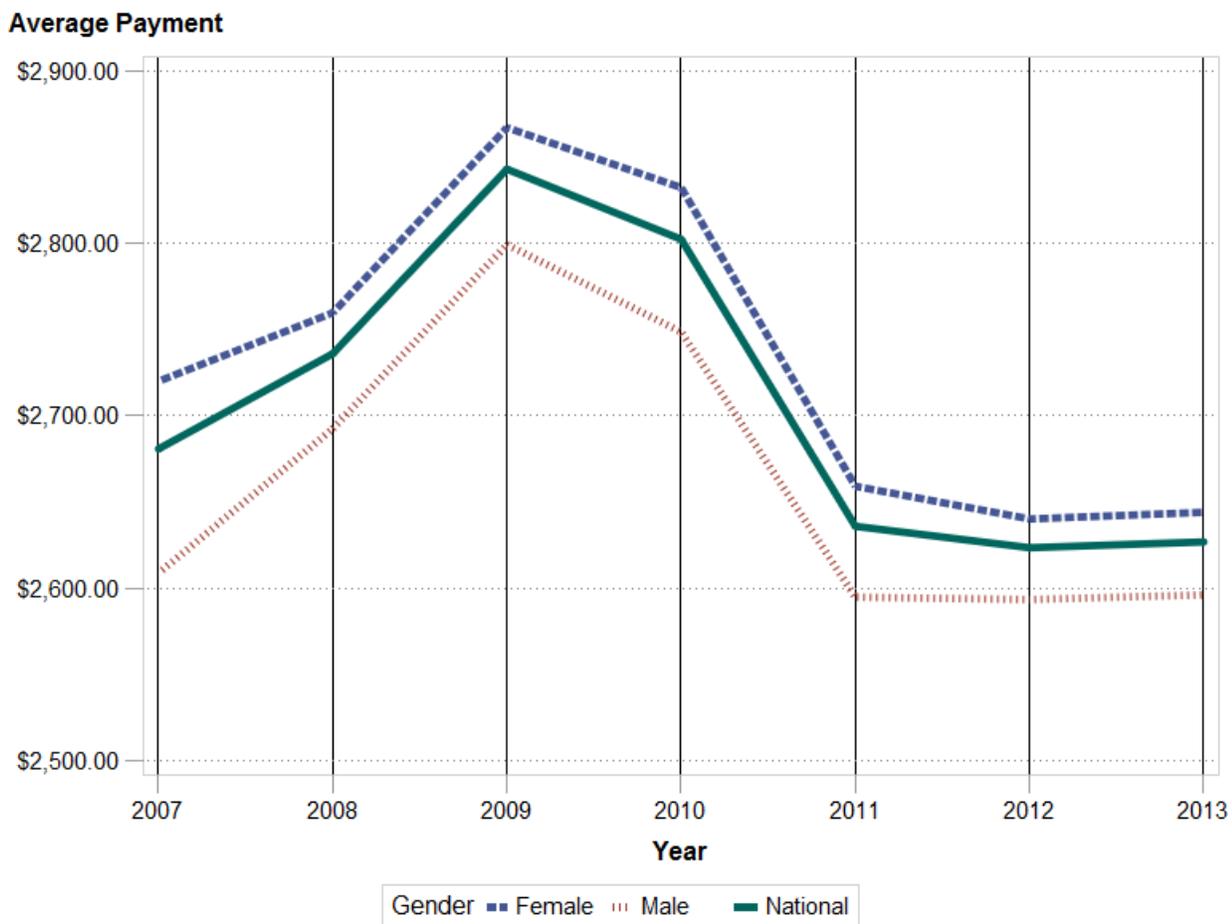
- From 2007 to 2013, the average claim payment amount has decreased slightly from \$2,681 to \$2,626, while the median payment increased from \$2,205 to \$2,404.
- The average claim payment was highest in 2009 at \$2,843, decreasing in subsequent years, while the median payment continues to rise.

Chart 2 – Total Payment and Persons Served by Gender – 2013



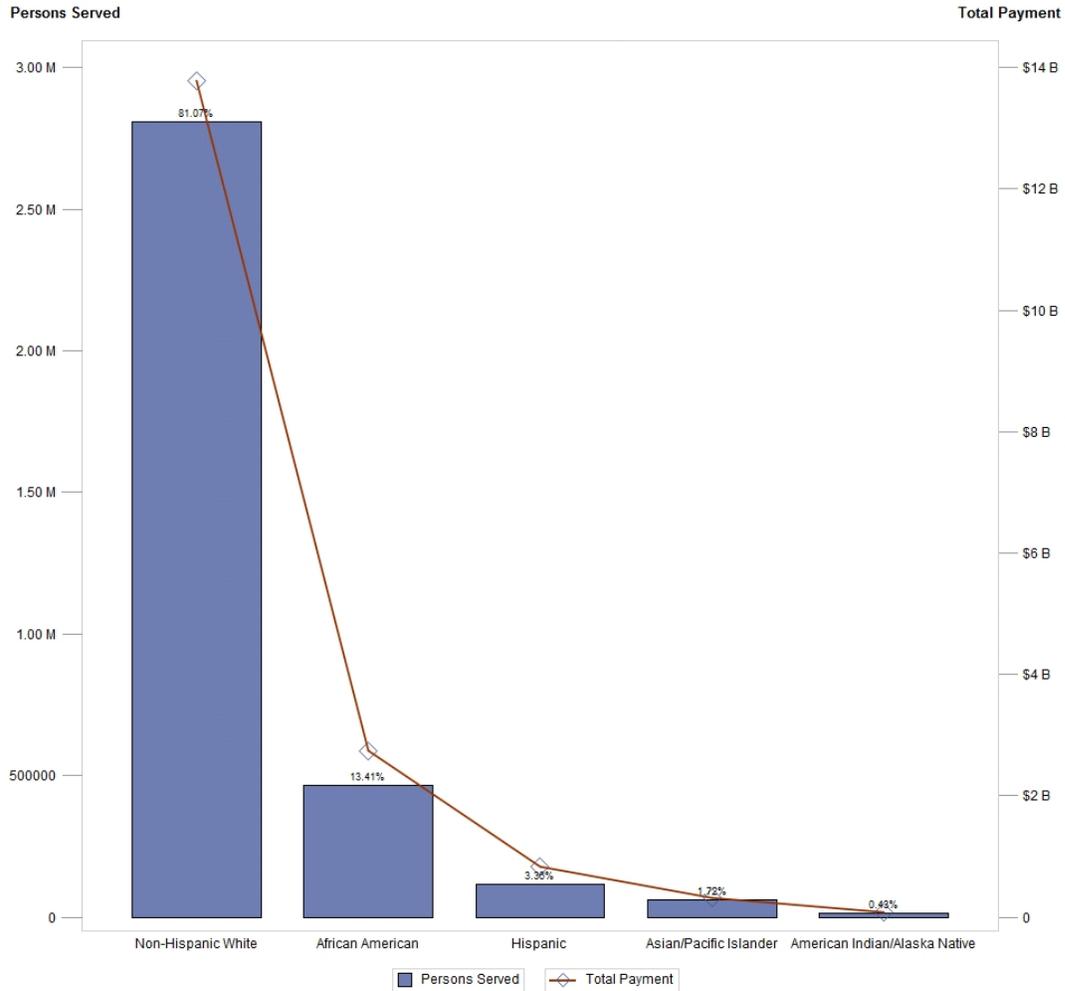
- In 2013, females represented 62.08% of persons served and 64% of total spending.
- 2.2 million female beneficiaries received at least one home health visit, while only 1.3 million males used HHA services in 2013.
- HHA total payments were \$11.5 billion for females and \$6.6 billion for males.

Chart 3 – Average Payment Trends by Gender – 2007 through 2013



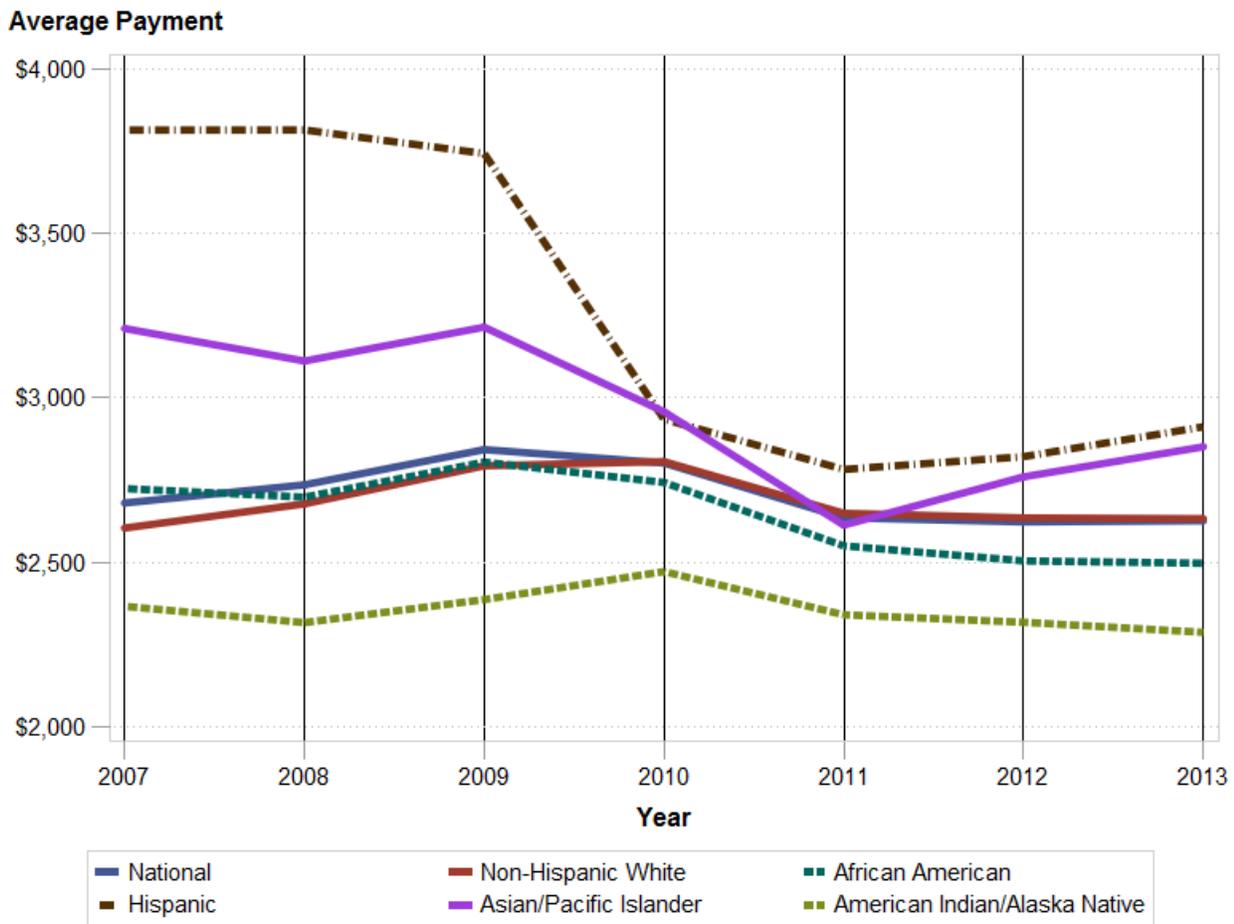
- From 2007 to 2013, average payments decreased for both males and females.
 - The average claim payment decreased from \$2,720 to \$2,644 for females.
 - The average claim payment decreased from \$2,609 to \$2,596 for males
- Average payment for females is consistently higher than the national average.

Chart 4 – Persons Served by Racial Group – 2013



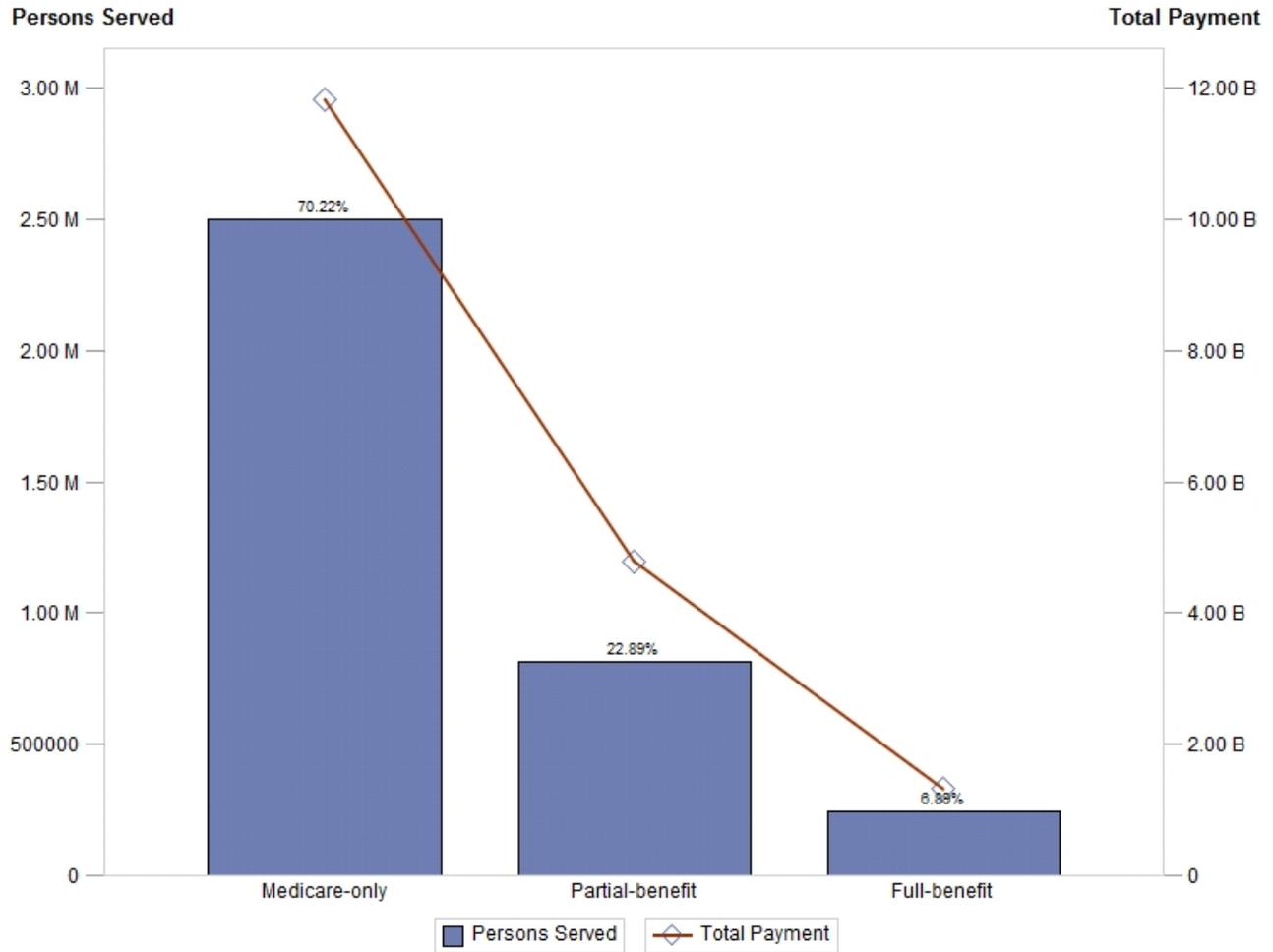
- In 2013, non-Hispanic white beneficiaries represented 81.07% of persons served.
- 2.8 million non-Hispanic white beneficiaries used HHA services in 2013.
- Non-Hispanic white beneficiaries represented 77.60% of total payments at \$13.8 billion.

Chart 5 – Average Payment Trends by Racial Group – 2007 through 2013



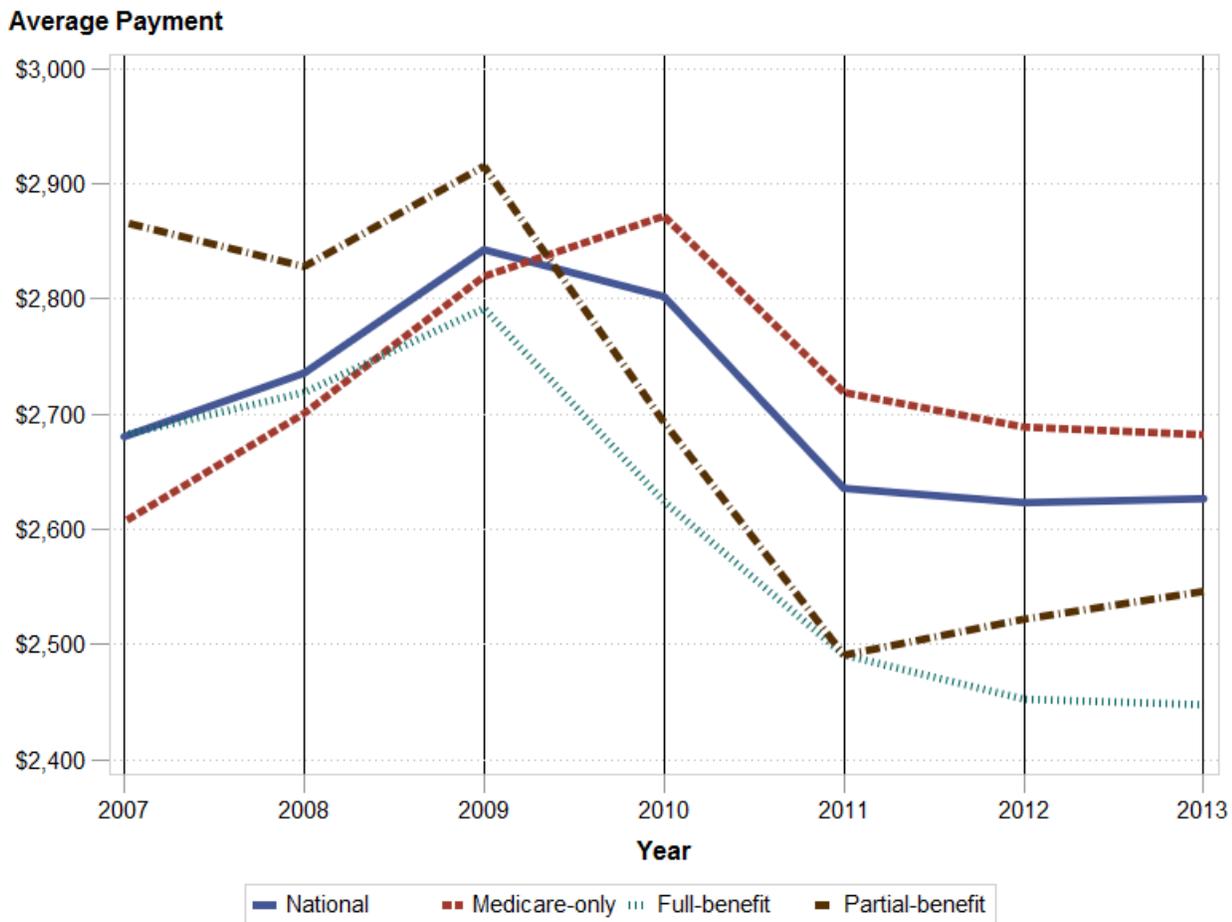
- The average claim payment increased from \$2,605 to \$2,633 for non-Hispanic white beneficiaries from 2007 to 2013, while the average payment decreased for all other racial groups.
- The sharpest declines in average payments were for Hispanic and Asian and Pacific Islanders, from \$3,814 to \$2,912 and \$3,211 to \$2,851 respectively.

Chart 6 – Total Payment and Persons Served by Dual Eligible Status – 2013



- In 2013, Medicare-only beneficiaries represented 70.22% of persons served.
- 2.5 million Medicare-only beneficiaries used HHA services in 2013.
- In 2013, Medicare-only beneficiaries represented 65.95% of total payments, at \$11.8 billion.

Chart 7 – Average Payment Trends by Dual Eligible Status – 2007 through 2013



- The average claim payment amount was highest for beneficiaries with Medicaid partial-benefit, at \$2,867 in 2007.
- In 2013, average claim payment was highest for Medicare-only beneficiaries at \$2,682.

References

¹Farber N, Shinkle D, Lynott J, et al. *Aging in Place: A State Survey of Livability Policies and Practices*. Washington, DC: AARP Public Policy Institute; 2011.

This data highlight was written by Carla Hodge in the CMS Office of Minority health, with editorial feedback provided by Dr. Chris Haffer. To learn more about OMH, visit go.cms.gov/cms-omh.

For further summary information about Medicare health expenditures and program demographics, visit <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMS-Statistics-Reference-Booklet/>.