

U.S. House and Senate Notification
Friday, July 16, 2010

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Re: CMS Proposes Payment Changes to Medicare Home Health Services for 2011

The Centers for Medicare & Medicaid Services (CMS) today announced a number of changes to Medicare home health payments for 2011 that will promote efficiency in payments, implement provisions of the Affordable Care Act (ACA), and enhance program integrity. Combining the effects of a market basket update, a wage index update, reductions to the home health prospective payment system (HH PPS) rates to account for increases in aggregate case-mix that are unrelated to underlying changes in patients' health status, and other provisions mandated by the ACA, today's rule proposed a 4.75 percent decrease in Medicare payments to home health agencies (HHAs) for calendar year (CY) 2011.

The ACA mandates that CMS apply a 1 percentage point reduction to the CY 2011 home health market basket amount, which equates to a proposed 1.4 percent update for HHAs in CY 2011. CMS also proposes to further reduce HH PPS rates in CY 2011 to account for additional growth in aggregate case-mix that is unrelated to changes in patients' health status. Based on updated data analysis, CMS proposes to reduce HH PPS rates by 3.79 percent in CY 2011 and an additional 3.79 percent in CY 2012.

The ACA also changes the existing home health outlier policy through a 5 percent reduction to HH PPS rates, with total outlier payments not to exceed 2.5 percent of the total payments estimated for a given year. HHAs are also permanently subject to a 10 percent agency-level cap on outlier payments.

The proposed rule also presents a number of proposals to protect patient care and access, while working aggressively to prevent fraud. The rule offers approaches to implement ACA provisions, which mandate that a physician must document a face-to-face encounter with the patient, prior to certifying a patient's eligibility for the Medicare home health benefit and that a hospice physician or nurse practitioner has seen a patient prior to recertifying the patient's eligibility for hospice services.

Finally, CMS also proposes exceptions and further clarification to the policy which requires HHAs that change ownership within three years of initial enrollment to obtain a new State survey or accreditation. In addition, CMS proposes to clarify policies regarding the coverage of therapy services in the home health setting and on quality reporting requirements for the CY 2012 HH PPS rate update.

Please find attached a press release regarding today's proposed rule. The proposed rule is available at: <http://federalregister.gov/inspection.aspx>

If you have any questions about this proposed rule, please contact the CMS Office of Legislation.