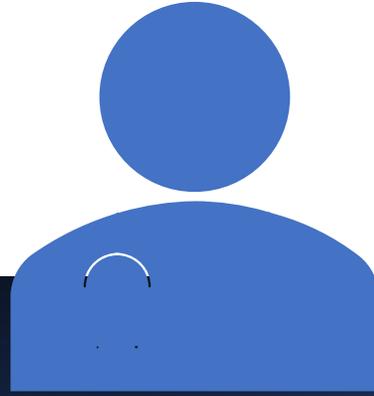


2024 Home Care and Hospice National Update



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1

The Landscape

- Medicare Home Health
- Medicare Hospice
- Medicaid HCBS
- Private Duty Personal Care
- Medicare Advantage
- Innovations for Health Care at Home

2

Home Health Landscape Factors

- PDGM started 1/1/2020
 - Covid-19 pandemic hits March 2020
- Significantly affected the delivery of Medicare home health services
 - Reduced therapy visits
 - Reduced overall visits
 - 30-day episode resets care planning
 - LUPA rates increase
 - 432 case mix categories complicates care management
- HHAs decrease 2019 (11792) to 2023 (11321 w/o CA)
- Medicare Advantage enrollment and home health increases as a proportion of HHA patient census

3

3

Landscape Factors

Discipline	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021	CY 2022	CY 2023
Skilled Nursing	4.53	4.49	4.35	4.05	3.90	3.86
Physical Therapy	3.30	3.33	2.70	2.74	2.77	2.78
Occupational Therapy	1.02	1.07	0.79	0.78	0.77	0.76
Speech Therapy	0.21	0.21	0.16	0.15	0.14	0.14
Home Health Aide	0.72	0.67	0.54	0.48	0.43	0.41
Social Worker	0.08	0.08	0.06	0.05	0.05	0.05
Total (all disciplines)	9.86	9.85	8.59	8.25	8.06	8.00

Source: CY 2018 and CY 2019 simulated PDGM data with behavior assumptions came from the Home Health LDS. CY 2020 data was accessed from the Chronic Conditions Warehouse (CCW) Virtual Research Data Center (VRDC) on July 12, 2021. CY 2021 data was accessed from the CCW VRDC on July 14, 2022. CY 2022 data was accessed from the CCW VRDC on July 13, 2023. CY 2023 data was accessed from the CCW VRDC on March 19, 2024.

Note: All 30-day periods of care claims were included (for example LUPAs, PEPs, and outliers). There are approximately 540,000 60-day episodes that started in 2019 and ended in 2020 that are not included in the analysis.

4

4

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Landscape Factors

TABLE 5: ESTIMATED AVERAGE COSTS FOR 30-DAY PERIODS OF CARE IN CY 2023

Discipline	2022 Average Costs per visit with NRS	2023 Market Basket Update Factor	2023 Average Number of Visits	2023 Estimated 30-Day Period Costs
Skilled Nursing	\$176.50	1.04	4.08	\$748.92
Physical Therapy	\$176.71	1.04	2.95	\$542.15
Occupational Therapy	\$172.48	1.04	0.81	\$145.30
Speech Pathology	\$200.12	1.04	0.15	\$31.22
Medical Social Services	\$302.77	1.04	0.05	\$15.74
Home Health Aides	\$95.94	1.04	0.44	\$43.90
Total				\$1,527.23

Source: 2022 Medicare cost report data obtained on February 1, 2024. Home health visit information came from 30-day periods with a through date in CY2023 (Obtained from the CCW VRDC on March 19, 2024).

5

5

Medicare HH 2024 Proposed Rule

- CY 2025 Proposed Home Health Prospective Payment System Rate Update and..... Much More
- <https://public-inspection.federalregister.gov/2024-14254.pdf>
- \$280M expected spending decrease
- 2.5% net inflation rate update
- \$100 million decrease in outlier spending
- 4.067% permanent PDGM Budget Neutrality Adjustment
- Maintains PDGM case mix model
 - Recalibrates all 432 case mix weights and LUPA thresholds
 - Outlier FDL modified to 0.38 (decreases # of outlier periods)
 - Resets LUPA thresholds
 - Adds OT LUPA only add-on and modifies other LUPA add-ons
- HHVBP; QRP: provider enrollment; and more proposals

6

2025 Proposed Payment Rates

- Base payment rates are increased by a net Market Basket Index of 2.5%
 - An annual inflation update of 3.0%
 - Reduced by a 0.5 Productivity Adjustment to net at 2.5%
- PDGM Budget Neutrality Adjustment (BNA) set at 4.067% by combining CY24 leftover 2.89% and data year 2023 adjustment of 1.125%
- Includes case mix weight recalibration adjustment of 1.0035 and wage index adjustment of 0.9985

7

2025 Proposed Payment Rates

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TABLE 34: CY 2025 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT

CY 2024 National Standardized 30-Day Period Payment	Permanent Adjustment Factor	Case-Mix Weights Recalibration Budget Neutrality Factor	Wage Index Budget Neutrality Factor	CY 2025 HH Payment Update Factor	CY 2025 National, Standardized 30-Day Period Payment
\$2,038.13	0.95933	1.0035	0.9985	1.025	\$2,008.12

8

8

2025 Proposed LUPA Rates

TABLE 36: CY 2025 NATIONAL PER-VISIT PAYMENT AMOUNTS

HH Discipline	CY 2024 Per-Visit Payment Amount	Wage Index Budget Neutrality Factor	CY 2025 HH Payment Update Factor	CY 2025 Per-Visit Payment Amount
Home Health Aide	\$76.23	0.9991	1.025	\$78.07
Medical Social Services	\$269.87	0.9991	1.025	\$276.37
Occupational Therapy	\$185.29	0.9991	1.025	\$189.75
Physical Therapy	\$184.03	0.9991	1.025	\$188.46
Skilled Nursing	\$168.37	0.9991	1.025	\$172.42
Speech-Language Pathology	\$200.04	0.9991	1.025	\$204.86

9

9

PDGM Budget Neutrality Adjustment

- **CMS maintained its 2023 methodology**
 - **NAHC believes that the methodology is noncompliant with Medicare law**
 - **CMS applied HPPS-HHRG payment model to 2020 through 2023 claims**
 - **With PDGM-induced reductions in therapy services, HPPS-HHRG model would have resulted in less spending than occurred under 2020- 2023 PDGM**
 - **NAHC calculates an underpayment with a true budget neutrality analysis**

10

10

**TABLE 18: SUMMARY OF PERMANENT ADJUSTMENTS
FOR CY 2020 – 2026**

Claims Analysis Year	Base Payment Rate for Assumed Behaviors (Actual Amount Paid to HHAs in the Claims Analysis Year)	Base Payment Rate that Reflects Actual Behavior Changes (As Determined After Later Claims Analysis)	Total Permanent Adjustment Between Assumed and Actual Behavior Rates*	Permanent Adjustment CMS Finalized and Implemented in Rulemaking
CY 2020	\$1,864.03	\$1,742.52	-6.52%	n/a
CY 2021	\$1,901.12	\$1,751.90	-7.85%	-3.925% applied to CY 2023 rates
CY 2022	\$2,031.64	\$1,839.10	-5.78%	-2.890% applied to CY 2024 rates
CY 2023	\$2,010.69	\$1,873.17	Proposed -4.067%	-4.067% proposed to be applied to CY 2025 rates
CY 2024	\$2,038.13	TBD	TBD	TBD
CY 2025	TBD	TBD	TBD	TBD
CY 2026	TBD	TBD	TBD	TBD

Notes: With the prospective payment systems, the claims data analyzed differ from the rulemaking cycle. For example, CY 2020 claims are used in CY 2022 rulemaking.

*The total permanent adjustment accounts for prior adjustments that were finalized and implemented through rulemaking.

“Clawback” Risk

- CMS calculates the “overpayments: from 2020-2023 at \$4,455,407,087 due to time-lag in data that prevented an earlier budget neutrality calculation
- 2020 \$873,073,121
- 2021 \$1,211,002,953
- 2022 \$1,405,447,290
- 2023 \$965,883,723
- No payment adjustments at this time are scheduled
- Temporary Adjustments authorized through CY2026 data year

Final Inflation Update

- Proposed CY 2025 home health market basket update of 3.0 percent rebased and revised formula
- Based on IHS Global Inc.'s first-quarter 2024 forecast with historical data through fourth-quarter 2023
- Reduced by a productivity adjustment, currently estimated to be 0.5 percentage point for CY 2025
- Proposed net update percentage for CY 2024 is a 2.5 percent increase

13

PDGM Case Mix Weights Recalibrated

- Recalibrate annually the PDGM case-mix weights using a fixed effects model with the most recent and complete utilization data available at the time of annual rulemaking. Table 25
 - OASIS inputs
 - Functional scores
 - Comorbidity subgroups
- Reflects current home health resource use and changes in utilization patterns.
- Used CY 2023 home health claims data with linked OASIS data
- Reflective of PDGM utilization and patient resource use expected for CY2025

14

Area Wage Index Changes

- Beginning in CY 2023, CMS applies a permanent 5-percent cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline.
 - New transition codes for counties affected by 5% cap
- a geographic area's wage index for CY 2025 would not be less than 95 percent of its final wage index for CY 2024, regardless of whether the geographic area is part of an updated CBSA
- As usual, wage index is a key factor to consider in determining individual HHA impact
- <https://www.cms.gov/medicare/payment/prospective-payment-systems/home-health/home-health-prospective-payment-system/cms-1803-p>

15

Area Wage Index Changes: Designations

- 53 urban counties in 2024 redesignated rural in 2025 (24 states and PR)
- 54 rural counties in 2024 redesignated urban in 2025 (25 states)
- Some counties moved from one CBSA to another CBSA
- CT changes from 8 counties to 9
- 5% transition cap calculated at county level when moving from CBSA or rural designation to new CBSA or rural
 - Claims must use new transition code for affected counties

16

LUPA Reset

- All 432 LUPA thresholds reset
- Applied 2023 data

LUPA Add-On

- LUPA periods that occur as the only period of care or the initial 30-day period of care in a sequence of adjacent 30-day periods of care by the appropriate add-on factor

Discipline	Current LUPA Add-on Factors	Proposed LUPA Add-on Factors Using Data from CY2023	Percent Change from Old to New	Average Excess of Minutes for the First Visit in LUPA Periods	Average Minutes for All Non-First Visits in Non-LUPA Episodes
SN	1.8451	1.7227	-6.6%	30.00	41.51
PT	1.6700	1.6247	-2.7%	28.18	45.11
SLP	1.6266	1.6703	+2.7%	31.59	47.13
OT	1.6700	1.7266	+3.4%	33.40	45.97

Outlier

- Loss-sharing ratio of 0.80--- Medicare pays 80 percent of the additional estimated costs that exceed the outlier threshold amount
 - Using CY 2023 claims data
- Statutory requirement that total outlier payments do not exceed 2.5 percent of the total payments
- Proposing an FDL ratio of 0.38 for CY 2024 (up from 0.27)
- Results in a decrease in outlier episodes
- CMS will update the FDL, if needed, when more complete CY 2023 claims data is available

19

CY2025 Medicare Home Health Rule: Action Plan

- HHA closures, service area reductions; and referral rejections underway
- Estimated 48% of HHAs with <0% overall margins projected for 2024
 - Medicare FFS margins used to subsidize MA plans and Medicaid
- PDGM Action Plan
 - Congress
 - S.2137; H.R. 5159
 - Eliminates permanent and temporary adjustment authority
 - Requires MedPAC to expand its analysis of HHA financial status to include all payers.
 - Litigation
 - NAHC v. Becerra
 - Challenges CMS/HHS budget neutrality methodology

20

P CY2025 Medicare Home Health Rule: Action Plan

- Senate and House bipartisan bills would:
 - Eliminate all cuts except the “assumed behavioral adjustment”
- Estimated “score” is between \$15B and \$20B
- SFC Chair Wyden supportive of some help
 - Must help small and rural HHAs
 - Must have some offsets
- Full relief contained in pending bills not likely

21

CY2025 Medicare Home Health Rule: Lawsuit NAHC v Becerra: update

- Lawsuit challenges CMS “budget neutrality” methodology
 - Alleged violation of plain language of Medicare law
 - Alleged violation of requirement that therapy volume outside of PDGM operation
 - Alleged violation of Administrative Procedure Act
- Parties filed cross Motions for Summary Judgment
- Court ruled on April 26, granting HHS motion
 - Held that NAHC was required to first seek a “Request for Expedited Judicial Review” prior to lawsuit
 - Held that budget neutrality adjustment methodology is open for judicial review if administrative remedies are exhausted
- NAHC evaluating options of appeal or exhaustion of administrative remedies (case is not over!)

22

Home Health Quality Reporting Program (HHQRP)

Proposes four new health related social needs items for the 2027 HHQRP

- Living environment
- Two items relate to food insecurity
- Utilities
- Revise the transportation data item

CMS is seeking input on four measure concepts for the HH QRP

- Composite of vaccinations
- Depression
- Pain management
- Substance use disorders

23

HHQRP

- **OASIS collection on all payers –Finalized 2023 HHPPS rate update rule**
 - Voluntary January 1, 2025-June 30, 2025
 - Mandatory beginning July 1, 2025
 - Changed to SOC assessments beginning July 1, 2025, rather than discharge
 - M0090 -- Date assessment completed

24

Home Health Value Based Purchasing (HHVBP)

Review of final 2024 HPPS rate update rule for 2025

- Revised measure set
- Revised measure weights
- Baseline year changed to 2023

Request for information related to future measure concepts

- Family caregiver measure
- Falls with injury (claims-based)
- Medicare spending per Beneficiary
- Function measures to complement existing cross-setting Discharge (DC) Function measure

CMS is also interested in general comments on other future model concepts that may be considered for inclusion in the expanded HHVBP Model.

25

HHVBP

- **Future Approaches to Health Equity in the HHVBP**
- **2023 HH payment rule included an RFI**
- **Goals is to improve quality of care in underserved communities**
- **Potential Health Equity Adjuster**

26

Home Health Conditions of Participation –Admission to Service Policy

Propose a new standard at §484105(i) s to require HHA develop, implement, and maintain an acceptance to service policy that is applied consistently to each prospective patient referred for home health care.

- Anticipated needs of the referred prospective patient.
- Case load and case mix of the HHA.
- Staffing levels of the HHA.
- Skills and competencies of the HHA staff.

Make available to the public accurate information regarding the services offered by the HHA and any limitations related to types of specialty services, service duration, or service frequency. Reviewed at least annually

27

HH COPS –Admission to Service

- Referral sources and patients having difficulty locating appropriate HHA
- Leading to delay in care
- HHAs accepting patients into service for which care needs cannot be met
- Variations in services offered among HHAs

28

Requests for information(RFI) - Plan of Care Development; Scope of Services; Comprehensive Assessment

- Referral process, limitations on patients being able to obtain HHA service, and communication with patients and practitioners
- Whether to allow rehabilitative therapists to conduct the initial assessment and comprehensive assessment in all cases

29

Provider and Supplier Enrollment Requirements

CMS proposes to expand the definition of “new provider or supplier” (solely for purposes of applying a provisional period of enhanced oversight) to include providers and suppliers that are reactivating their Medicare enrollment and billing privileges.

30

Payment updates –dNPWT Device and Home IVIG

dNPWT Device

- CY 2024 payment amount of \$270.09 updated by the CPI-U for June 2024, minus the productivity adjustment -- updated in the final rule.

Home IVIG items and services

- Posted in the Billing and Rates section of the CMS' Home Infusion Therapy (HIT) webpage once this rate is finalized.
<https://www.cms.gov/medicare/payment/fee-for-service-providers/home-infusion-therapy>

31

Medicare Hospice

- Focus on Program Integrity and Oversight
 - Media and Congressional focus
 - Hospice-specific rule changes
 - New and hospices with ownership changes moved to “high risk” screening category
 - Extension of 36-month rule in hospice
 - Hospice physician enrollment in Medicare
 - Deactivation where 12 months of non-billing
 - Expanded “managing employee” definition to include hospice administrator and medical director
 - Is moratoria and intensified claims review in the near-term future?
- Quality of Care
 - Special Focus Program
 - Enhanced oversight of 10% of hospices with a risk of poor care quality
 - Informal Dispute Resolution process instituted
 - Future benefit and payment reforms???

32

Medicare Hospice: Proposed FY2025 Rule

- 2.6% Market Basket Index rate update
- Hospice Cap at \$34,364.85
- HOPE patient data project implementation
- Modified CBSAs for wage index applications
- Clarification on Election Statement, Notice of Election, and Hospice Certification
- RFI on a service intensity adjustment for special high cost services
- No program integrity proposals
- No change on Special Focus program standards
- <https://public-inspection.federalregister.gov/2024-06921.pdf>

33

Hospice Payment Reform: Cong. Blumenauer Proposal

- Align payment with costs
- Institute “per visit” payment rates for Routine Home Care
 - May vary based on type and duration
- Establish an outlier payment policy
- Eliminate coverage of home health aide services in an SNF or NF
- Wage-adjust aggregate cap
- Create a short-term home-based respite benefit
- Establish payment for high-cost complex palliative care treatments, e.g. dialysis; blood transfusions
- Modify inpatient respite coverage
- Include transitional inpatient respite care period
- Deny payment for hospices that do not submit quality data

34

Hospice Program Integrity Reform: Blumenauer Proposal

- **Nationwide 5-year Medicare hospice enrollment moratorium**
 - **Need/access exceptions**
- **Increase medical review/audit/surveys**
 - **Prepay review after first 90-day benefit period where aberrant billing behavior**
 - **Extend PPEO authority**
 - **Increase new hospice survey frequency**
 - **Expanded prepay review for hospices with high percentage of long stays and live discharges**
 - **Prepay reviews on services unrelated to terminal conditions**
- **Prohibit certifications from physicians with hospice ownership, employment, or financial relationship**
- **Adds hospice to “Stark” law**

35

Hospice Program Integrity Reform: Blumenauer Proposal

- **Limit physician to serving as Medical Director to no more than two hospice programs**
- **Require immediate availability of medical director or physician IDT member for home telehealth visit**
- **Extends “36-month rule” on changes in majority ownership to 60 months**
- **Require hospices to automatically provide the Election Statement Addendum to all patients**
- **CMS require to provide Notice of Election within 15 days to all hospice electees**

36

Hospice Other Reforms: Blumenauer Proposal

- **Medical Review**
 - Specialized hospice training for contractor staff
 - Congressional report on steps to reduce audit burden and erroneous claim denials in hospice
- **Ownership Transparency**
 - Publish hospice ownership and managing control data
 - Congressional report on ownership and control trends and role of private equity
- **Nurse Practitioners**
 - Permit NPs acting as attending physician to certify terminal illness
- **Telehealth**
 - Prohibit F2F recert visits via telehealth
- **Hospital Discharge Planning**
 - Require hospice evaluation, including transitional respite care

37

Medicaid HCBS Rule

- **Applies to certain HCBS waiver programs and care workers**
 - Home health aide
 - Personal care attendant
 - homemaker
- **Finalizes proposal that 80% of payment rate make up compensation to Direct Care Workers (in the aggregate)**
 - Expanded inclusion of costs under the definition of “compensation” (FICA)
 - Excludes certain costs from the calculation, e.g. training, nursing supervision, mileage
 - Permits exemptions of providers based on “hardship,” size, or rural location
 - Applies on a provider-specific basis
- **6-year phase-in for states (4-year phase-in proposed)**
- **Analyses shows compliance difficult**
 - Final modifications do ease compliance standards a bit

38

Medicaid HCBS Rule

- Rule may be subject to challenges
 - Congressional Action
 - Litigation
- Rule includes numerous other positive elements
 - Improved rate evaluation and transparency standards
 - Appeal rights
 - HCBS quality measures requirements
- <https://public-inspection.federalregister.gov/2024-08363.pdf>
- Medicaid Managed Care rule
 - <https://public-inspection.federalregister.gov/2024-08085.pdf>

39

Private Duty Personal Care

- Limited regulation continues, but more may be on the horizon
- Staffing shortages continue to haunt community
- State-based minimum wage increases pose some challenges
- US DoL continues FLSA audits and prosecutions
 - Overtime compensation dominates focus
 - Independent contractors
 - Home care aide model employment contract
- Some MA plans drop personal care as benefit add-on
- Demand showing no signs of slowing

40

Private Duty Personal Care: Impactful Legislation

- Elizabeth Dole Home Care Act HR 542; S141 (VA)
- Home Care for Seniors Act HR1795
 - Allows use of HSA for home care
- Better Care Better Jobs Act S100; HR547
- HCBS Access Act S762; HR 1493
- Supporting Our Direct Care Workforce and Family Caregivers Act S1298 HCBS
- S. 1211/H.R. 3729 Social Security Caregiver Credit Act of 2023
- Immigration
 - [High-Skilled Immigration Reform for Employment Act](#)
 - [Immigrants in Nursing and Allied Health Act](#)
 - [Visa Processing Improvement Act](#)
 - Healthcare Workforce Resilience Act (recently reintroduced)—nurse and physician visas

41

Recent Other Rules

- DoL FLSA Salary-Based Exemption
 - <https://public-inspection.federalregister.gov/2024-08038.pdf>
 - Effective July 1, 2024, the salary threshold will increase to the equivalent of an annual salary of \$43,888 (Present annual salary threshold of \$35,568)
 - Increase to \$58,656 on Jan. 1, 2025.
 - Starting July 1, 2027, salary thresholds will update every three years, by applying up-to-date wage data to determine new salary levels.
- FTC Non-Compete Employment Contract Ban
 - <https://www.ftc.gov/legal-library/browse/rules/noncompete-rule>
 - Litigation underway
 - One court finds rule to be invalid

42

Medicare Advantage

- Enrollment surges
- Plans acquiring home health care
- Federal oversight increases
 - Marketing
 - Transparencies
 - Prior authorization
 - Medicare rate overpayment
- Flexibilities provide opportunities
- Current home health payment rates pose growing problem for HHAs
 - Will reduced Medicare PMPM payments to plans trigger efforts to reduce payment rates to providers

43

Home Care Innovations and Reforms: Status Report

- Choose Home (SNF at Home)
- Hospital at Home demonstration
- Telehealth services
- Medicaid HCBS supports
- VA home care
- Workforce improvement
- Medicare Advantage
 - Hospice VBID; United drops participation
 - Provider service and payment relationships

44

Forecast

- **Demand and interest HIGH**
- **Supports at risk in government funded programs**
- **Value will eventually drive action with managed care**
- **Marketplace continues to be very interesting**