



November 15, 2022

The Honorable Charles Schumer
Majority Leader
U.S. Senate
S-221, Capitol Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, Capitol Building
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230 Capitol Building
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
H-204, Capitol Building
Washington, DC 20515

Re: Medicare home health services

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

We seek your support in suspending the implementation of the rule issued by the Centers for Medicare and Medicaid Services (CMS) that would reduce Medicare payments for home health services by \$635 million in 2023 and trigger an estimated \$18 billion in payment reductions over the next decade. We thank you for your support in getting CMS to partly mitigate the first-year impact of the permanent rate cut. Unfortunately, CMS did not correct the flaws in its payment assessment methodology to prevent long term harm in coming years.

The impact of those payment cuts would exacerbate the ongoing dismantling of this essential benefit that serves over 3 million of the most vulnerable Medicare beneficiaries, providing them with exceptional care quality in their own homes, preventing high-cost hospitalizations, and offering an alternative to life-changing institutional care while saving Medicare billions in spending every year.

The undersigned organizations represent these patients and the providers of their care throughout the nation. Over the past decade, Medicare beneficiaries have experienced significant reductions in access to home health care that were not authorized or sanctioned by Congress. In the last 10 years, Medicare beneficiaries using home health services has dropped from 3.5 million annually to 3.1 million. In addition, continually reduced payment rates have shrunk the scope and level of services far below

previous levels. Fortunately, the creativity and dedication of the home health agencies have led to improved patient outcomes even in the face of barriers to care, albeit for the shrunken proportion of Medicare beneficiaries able to access care.

Still, there are fast-approaching breaking points. During the past decade, Medicare beneficiaries lost access to 1,461 home health agencies, representing the reduction in available providers with 36 states having fewer HHAs today than in 2013 while the Medicare enrollment has grown by over 9 million. With the \$635 million payment cut in 2023, the permanent rate reduction of 7.85% promulgated by CMS, and over \$2 billion in planned temporary adjustments, future care access can only worsen further.

CMS has portrayed the recent action as an increase in Medicare spending on home health services, but that is a fiction or, at best, highly misleading. That is readily apparent just by noting that the 2023 rate is lower than the 2022 payment rate in the face of significantly increased costs for clinical staff, transportation to patient homes, and other crucial elements of care that are far greater than the inflation update provided. A 4% inflation increase only partly addresses cost increases of 8-9% and does nothing to offset the \$635 million cut or the cuts slated for the future due to the flawed payment assessment methodology.

CMS's argument that home health agency profits can accommodate the huge rate cut is also pure fiction. CMS's calculation intentionally excludes nearly 1000 providers that are part of health systems along with necessary business costs such as taxes, telehealth services, and business marketing. CMS also ignores the impact of CMS-sanctioned payment from Medicare Advantage plans and state Medicaid programs that are invariably less than the cost of care. A true understanding of the stability of home health care is found in a full picture analysis taking all these factors into account rather than siloing a portion of providers with a portion of their business.

We believe that the CMS action is not consistent with what Congress intended in shifting to a new payment model. Congress legislated a budget neutral transition to that new payment model. An \$18 billion cut fits no reasonable outcome of budget neutrality. A shrinking patient population that can access home health services is also no acceptable outcome of CMS's concept of "budget neutrality."

Both chambers have pending bipartisan legislation that would suspend the 2023 rate cut and maintain the status quo with the design of giving Congress time to address the complex issues presented by the recent transition to a completely different payment model than the one that existed for the past 20 years. With the "Preserving Access to Home Health Act of 2022," S. 4605 and HR 8581, that needed status quo can be achieved. We urge you to find a way to pass this legislation before the CMS rule takes effect in January.

Thank you for your longstanding support and protection of home health care.

National Association for Home Care and Hospice
Minnesota Home Care Association
Oklahoma Association for Home Care & Hospice
Homecare and Hospice Association of Utah
Home Care and Hospice Association of Colorado
Connecticut Association for Healthcare at Home

Home Care & Hospice Association of New Jersey
Home Care Association of Florida
New York State Association of Health Care Providers, Inc.
Indiana Association for Home and Hospice Care
Kentucky Home Care Association
Oregon Association for Home Care
Home Care & Hospice Alliance of Maine
Rhode Island Partnership for Home Care
Illinois HomeCare & Hospice Council
Nebraska Association for Home Healthcare and Hospice
HomeCare Association of Louisiana
Michigan HomeCare & Hospice Association
Association for Home & Hospice Care of North Carolina
South Carolina Home Care & Hospice Association
Texas Association for Home Care & Hospice
VNAs of Vermont
New Mexico Association for Home & Hospice Care
Virginia Association for Home Care and Hospice
Home Care Association of New York State
HomeCare Association of Arkansas
California Hospice and Palliative Care Association
California Association for Health Services at Home
Home Care Alliance of Massachusetts
Georgia Association for Home Health Agencies, Inc.
Maryland-National Capital Homecare Association
Missouri Alliance for Home Care
Kansas Home Care & Hospice Association
Granite State Home Health & Hospice Association (NH)
Ohio Health Care Association
Idaho Health Continuum of Care Alliance
Mississippi Association for Home Care
Home Care Association of Washington
Iowa Center for Home Care
Pennsylvania Homecare Association
Tennessee Association for Home Care
Idaho Health Care Association
Delaware Association for Home & Community Care
Ohio Council for Home Care and Hospice
West Virginia Council of Home Care Agencies, Inc.
Arizona Association for Home Care
Alaska Hospital & Healthcare Association
LeadingAge Ohio
Healthcare Association of Hawaii
Montana Hospital Association
New Jersey Hospital Association