

2023 National Update: The State of Home Care & Hospice

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1

MEGA-TRENDS: Home Care Landscape

- Awareness and respect for home care grows
- Home care showing versatility and depth by making fast adjustments while adding Covid-19 patients into service
- Hospital at Home and SNF at Home experimentation
- Technology as a real tool has taken a quantum
- PERFECT FIT
 - PATIENT CENTERED
 - SOCIAL DETERMINANTS OF HEALTH
 - COST EFFECTIVE

2

MEGA-TRENDS: MANAGED CARE IS GROWING

- MEDICARE ADVANTAGE SOON TO SURPASS TRADITIONAL MEDICARE ENROLLMENT
 - AFFECTS REIMBURSEMENT
 - CREATES OPPORTUNITIES
 - VALUE PROPOSITION DRIVES ACTION
- Managed Medicaid LTSS

3

Enrollment

YEAR	TOTAL	ORIGINAL	Medicare Advantage
2014	54,013,038	37,790,373	16,222,665
2020	62,840,267	37,776,345	25,063,922
CHANGE	+8,827,229	-14,028	+8,841,257

4

MEGA-TRENDS: CHALLENGES CONTINUE

- CMS— RATE CUTS; OVERSIGHT
- CONGRESS— GRIDLOCK
- MedPAC— RATE CUTS DUE TO SILOED MINDSET

5

Home Care Workforce

- Affects all of society
- Multidimensional, integrated focus needed
 - Compensation: Better Care, Better Jobs Act redux?; Tax credit support for private pay services?
 - Career opportunities
 - Family caregiver supports
 - Technologies
 - Supply of personnel: Immigration reform?
 - Image and respect

6

End of the Year Omnibus Budget Legislation

- \$1.7 Trillion budget bill covering all phases of the US Government (H.R. 2617)
 - <https://www.congress.gov/bill/117th-congress/house-bill/2617/text>
- Significant home care and hospice policies addressed (and not addressed)
- Section 1001-Postpones through 2024 the risk of an across-the-board 4% rate cut related to PAYGO requirements applicable to the American Rescue Plan legislation in 2021
- Section 4163-Extends Medicare sequestration for first 6 months of 2032 and sets sequestration at 2% for 2030 and 2031
 - 22 different states

7

Omnibus Medicare Home Health Policies

- Section 4137-Limited extension of the 1% home health rural add-on for 2023 only to HHAs that serve patients residing in "Low Population Density" areas
 - Applies only to a limited number of HHAs that serve patients residing in "Low Population Density" areas
 - Expect CMS to use 2022 area designations
 - 334 Counties out of 2006 rural counties in the US
 - 22 different states
- Section 4142-PDGM rulemaking transparency strengthened
- Congressional leaders rejected the significant support for the rate cut delay based on the MedPAC finding that the 2021 Medicare margin for home health services neared 25%

8

Medicare financial performance of freestanding HHAs in 2021 continues to be strong

	Medicare margin
All	24.9%
25 th percentile	6.9
75 th percentile	34.3
For-profit	26.1
Non-profit	20.2
Majority urban	24.8
Majority rural	25.2
Including COVID-related relief funds	25.9

Source: Home health cost reports; data are preliminary and subject to revision.

9

Omnibus Home Care and Hospice Impacts

- Section 4113-Extends all Medicare telehealth flexibilities through December 31, 2024
- Section 4136-Modifies payment for Disposable Negative Pressure Wound Therapy Devices
- Section 4113-Two-year hospice specific extension of flexibility to perform face-to-face (F2F) hospice recertification visit via telehealth until Dec 31, 2024
- Section 4121-Starting Jan 1, 2024 - Allows hospices to include marriage and family therapists (MFTs) and/or mental health counselors (MHCs) as part of the hospice interdisciplinary team (IDT), in lieu of a social worker

10

Medicaid Home Care

- Section 5114-Extends Money Follows the Person demonstration program through 2027 at \$450 million per year
- Section 5115-Extends HCBS spousal impoverishment protections through FY2027
- Section 4140-Extends Hospital at Home demonstration through 2024
- Section 5131 - Provides funding for transitioning Medicaid from the 6.2% enhanced FMAP. This is not specific to HCBS support, but some states have used it to expand eligibility or support ongoing programs.

11

Medicare HH 2023 Final Rule

- CY 2023 Home Health Prospective Payment System Rate Update and..... Much More
- <https://public-inspection.federalregister.gov/2022-23722.pdf>
- \$125M expected spending increase
- 4.0% net inflation rate update
- \$35 million increase in outlier spending
- 3.925% PDGM Budget Neutrality Adjustment
- Maintains PDGM case mix model
 - Recalibrates all 432 case mix weights and LUPA thresholds
 - Institutes permanent 5% cap on negative wage index changes to reflect changes in workforce costs
 - Outlier FDL modified to 0.44 (increases # of outlier periods)
- Home Health Value Based Purchasing demo (HHVBP) expansion nationwide modified slightly
- QRP modified: OASIS expansion set for 2025
- Telecommunications data collection: Voluntary January 1, 2023; Required July1, 2023

12

Medicare Home Health: "CLAWBACK" RISK

- The 7.85% rate adjustment is prospective only
- CMS calculated 2020 and 2021 overpayments
- No payment adjustments at this time are scheduled
- CY2020 Temporary Adjustment--\$873,073,121
- CY2021 Temporary Adjustment--\$1,211,002,953
- CY2022 Temporary Adjustment--TBD

13

2024 PDGM Advocacy Plan

- Secure PDGM data from CMS
- Engage CMS at PDGM Stakeholder event
- Congressional support communication to CMS
- Senate Finance Committee hearing (May 2024?)
 - Home health benefit awareness and understanding
 - Financial condition of HHAs
- Seek hold on 2024 permanent and temporary adjustments
- Secure legislative proposal
- More.....

14

HHVBP

- Revise definition for "baseline year" to clarify improvement threshold is the HHA baseline and the achievement threshold is the model baseline
- Proposed and finalized to change baseline year for new and existing HHA
 - Existing HHA to use 2022 for 2023 reporting rather than 2019.
 - New agencies will vary depending on enrollment year
- Summary of comments - a future approach to health equity in the expanded HHVBP model
 - Mixed comments – support, concerns, and recommendations

15

2023—A Year for Hospice Oversight

- **Quality of Care**
 - [Hospice Deficiencies Pose Risks to Medicare Beneficiaries \(OEI-02-17-00020\)](#)
 - [Safeguards Must Be Strengthened To Protect Medicare Hospice Beneficiaries From Harm \(OEI-02-17-00021\)](#)
 - Section 407(b) of the Consolidated Appropriations Act, 2021
 - Survey requirements expanded : <https://www.federalregister.gov/public-inspection/2021-23993/medicare-and-medicaid-programs-cy-2022-home-health-prospective-payment-system-rate-update-home>
- **Claims Audits:** <https://oig.hhs.gov/reports-and-publications/workplan/summary/wp-summary-000648.asp>
- **MedPAC recommends reduced annual cap**
 - <https://www.medpac.gov/wp-content/uploads/2022/07/Jan-2023-Meeting-Transcript.pdf>
- **Pro Publica/New Yorker article**
 - <https://www.propublica.org/article/hospice-healthcare-aseracare-medicare>

16

FY2023 Medicare Hospice Rule

- <https://public-inspection.federalregister.gov/2022-07030.pdf>
- Estimated \$825M in increased Medicare spending
- Payment update at 3.8% (4.1-0.3 productivity adjustment)
- Aggregate cap value of \$32,486.92
- Establishment of a permanent 5% limit on wage index reductions (in budget neutral manner)
- Convenes a Technical Expert Panel (TEP) on the Special Focus Program for expanded hospice surveys
- Hospice Outcomes & Patient Evaluation (HOPE) instrument updates
- Star ratings going public August 2022

17

FY2024 Proposed Medicare Hospice Rule

- <https://public-inspection.federalregister.gov/2023-06769.pdf>
- Estimated \$720M in increased Medicare spending
- Payment update at 2.8% (3.0-0.2 productivity adjustment)
- Aggregate cap value of \$33,396.55
- Drops telehealth with end of PHE (does not mean telehealth is not permitted)
 - F2F telehealth specifically permitted through 2024
- Requires physician enrollment or approved exclusion for ordering/certification authority
- Expanded transparency on ownership
- Special Focus Program on surveys planned for 2024 home health proposed rule
- Hospice Outcomes & Patient Evaluation (HOPE) instrument updates

18

TABLE 5: Average Length of Stay in Days for Hospice Users in FY 2022

Category	Number of Hospice Users Discharged at the End of FY 2022	Average Length of Election	Median Lifetime Length of Stay	Average Lifetime Length of Stay
Alzheimer's, Dementia, and Parkinson's	286,884	129.0	50	170.2
CVA/Stroke	135,336	97.4	21	125.3
Cancers	350,889	46.5	16	53.8
Chronic Kidney Disease	33,624	32.8	7	41.1
Heart (CHF and Other Heart Diseases)	241,166	90.7	25	115.3
Lung (COPD and Pneumonias)	142,517	72.2	11	95.1
Other	181,948	52.6	10	66.5
All Diagnoses	1,372,364	79.9	19	101.7

19

TABLE 6: Total Medicare Spending Outside the Hospice Benefit during Days of Hospice Service (Excluding Admission/Live Discharge Days) By Claim Type [All Beneficiaries], FYs 2019 - 2022

Claim Type	FY 2019	FY 2020	FY 2021	FY 2022
Durable Medical Equipment	\$54,366,410	\$62,911,894	\$53,089,457	\$57,214,990
Home Health Agency	\$16,274,533	\$17,207,271	\$16,600,988	\$15,391,571
Inpatient	\$135,556,881	\$152,237,654	\$164,126,999	\$144,970,909
Outpatient	\$134,890,458	\$144,512,733	\$161,433,749	\$150,063,938
Physician Billing	\$334,867,809	\$374,275,518	\$459,259,144	\$471,598,388
Skilled Nursing Facility	\$9,199,526	\$38,609,985	\$57,590,547	\$43,726,037
Total	\$685,155,617	\$789,755,055	\$912,100,884	\$882,965,833

20

Medicare Hospice: Potential Program Integrity Reforms

- https://readinggo.org/wp-content/uploads/2023/05/Hospice-Program-Integrity-Ideas_Hospice-Industry-Consensus-Final1.13.23.pdf
- Targeted Moratoria
 - Revocation of Medicare enrollment due to inactivity
 - Nonoperational
 - No claims
 - Increased site visits
 - "Red Flag" criteria for action
 - Co-location
 - Leadership or Administrator at multiple hospices
 - New hospice
- Ownership/management disclosure
- Track consultants of concern
- Increased surveys of new hospices
- Establish ethical and transparent marketing practices
 - Limit incentive-based compensation, e.g. long stay patients
- Monitor enrollment practices

21

Medicare Hospice: Potential Program Integrity Reforms

- Expand information on Care Compare website
- Improve access to state complaint hotline
- Onsite survey w/in first year with CHOW
- Institute 36-month rule for changes in ownership
- Support use of an updated corporate compliance plan
- Establish minimum standards for Administrator
- Full background checks on management
- MAC training program for newly enrolling hospices
- MAC audits of co-located hospices
- Require pre-pay TPE for new hospices

22

Medicare Hospice: Additional Areas of Concern

- Long-stay patients
- Live discharges
- Aggregate cap
- Payment reform risks and opportunities
- VBID and Medicare Advantage plans

23

Better Care, Better Jobs Act: Redux 2023

- Medicaid HCBS Workforce
 - Direct care workforce strengthened by
 - Payments sufficient to provide services
 - Updating qualification standards and developing training standards
 - Update and increase payment rates to support recruitment and retention
 - Review and modify rates at least every 2 years through a transparent process
 - Ensure rate increases result in a proportionate increase in payments to direct care workers, including in MLTSS

24

Credit for Caring Act: Will it be back in 2023?

- 2022 Legislation: S 1670; HR 3321
 - <https://www.congress.gov/bill/117th-congress/senate-bill/1670/related-bills?s=8&r=10&q=%7B%22search%22%3A%5B%22Credit+for+Caring%22%5D%7D>
- Tax credit for private pay services
 - \$3000 annually
 - in then out of BBB Act
- Focus is on middle class; avoidance of pauperization
- Strong consumer support, e.g. AARP

25

CHOOSE HOME Act: Returning in 2023?

- S 2562; HR 5514
 - <https://www.congress.gov/bill/117th-congress/senate-bill/2562/related-bills>
- A New Medicare benefit
- Targeted eligibility:
 - Post Acute Patients
 - Meet SNF and HH eligibility criteria
 - Determined clinically appropriate for home recovery
- The benefit is a 30-day episode of care
- Works as an addition to Medicare Home Health
- Designed to save Medicare spending

26

Medicare HEAT Act: Is 2023 the year for telehealth

- 2022 Medicare home health telehealth payment proposed reform
 - S 1309; HR 3371
 - <https://www.congress.gov/bill/117th-congress/senate-bill/1309?q=%7B%22search%22%3A%5B%22S+1309%22%5D%7D&s=10&r=1>
 - HEAT Act (Home Health Emergency Access to Telehealth)
 - Permits CMS to pay for telehealth visits during a Public Health Emergency
 - Focus on visit equivalency

27

Home Health Palliative Care

- Medicare Home Health Palliative Care
 - Fits into existing benefit structure
 - Intermittent skilled care: homebound
 - Management and evaluation
 - Observation and assessment
 - Training and teaching
 - Hands-on skilled care
 - Services
 - Reimbursement
 - Modification of Medicare coverage manual
 - No need for congressional action
 - Specialized workforce needs?
 - Still pending at CMS

28

PHE Ends May 11: What may change?

- PHE Regulatory Flexibilities Expiring May 11, 2023
- Waivers in play: <https://www.cms.gov/files/document/home-health-agencies-cms-flexibilities-fight-covid-19.pdf>; <https://www.cms.gov/files/document/hospice-cms-flexibilities-fight-covid-19.pdf>
 - Covid vaccine administration: \$40 per outpatient dose and \$5.50 at home dose through end of calendar year
 - Monoclonal antibodies as of 1/1/24 through biological products benefit
 - Telehealth visits: permitted permanently under HH benefit; no payment
 - Telehealth F2F through 2024
 - Homebound status: expect continuation of policy
 - Discharge planning info waiver will expire
 - POC and certification through practitioners made a permanent change
 - Patient record request returns to a 4-day standard from PHE 10-day standard
 - Aide onsite supervisory visit: assessments completed no later than 60 days after PHE ends

29

PHE Ends May 11: What may change?

- PHE Regulatory Flexibilities Expiring
 - 12-hour aide in-service waiver expires
 - QAPI abbreviation waiver expires
 - On-site aide supervision: permanent change allowing a virtual visit every 60 days for skilled care patients; non-skilled patients every 60 days in-person
 - OASIS reporting waiver allowed delayed submission and extending 5-day completion to 30 days expires
 - Allowance of OT, PT, and SLP to perform comprehensive assessment all patients expires. OT made permanent allowance
 - Medicaid home health waivers
 - Hospice volunteer services waiver expires
 - Hospice non-core services waiver expires

30

Medicaid HCBS

- CMS proposes significant changes to HCBS rate setting and quality reporting
 - <https://public-inspection.federalregister.gov/2023-08959.pdf>
- Would require that 80% of payment rate be for caregiver compensation
 - Does not require any particular rate level
 - "compensation" does not include all costs of supporting the caregiver
 - Effective 4 years after final rule
- Would require a rate setting process accountability when reducing rates or changing the rate structure
- Would require standardized quality assurance measures

31

FORECAST IS SOMEWHAT POSITIVE

- High interest in health care at home expansion
- Expanded managed home care (MA and Medicaid)
- Continuing payment rate challenges (no surprise there)
- Technology tools grow
- Workforce recruitment and retention difficulties continue
- Demand rises making service allocation necessary
- Payers look for high quality and low price

32