

Mandated report: Impact of Bipartisan Budget Act of 2018 changes to the home health prospective payment system

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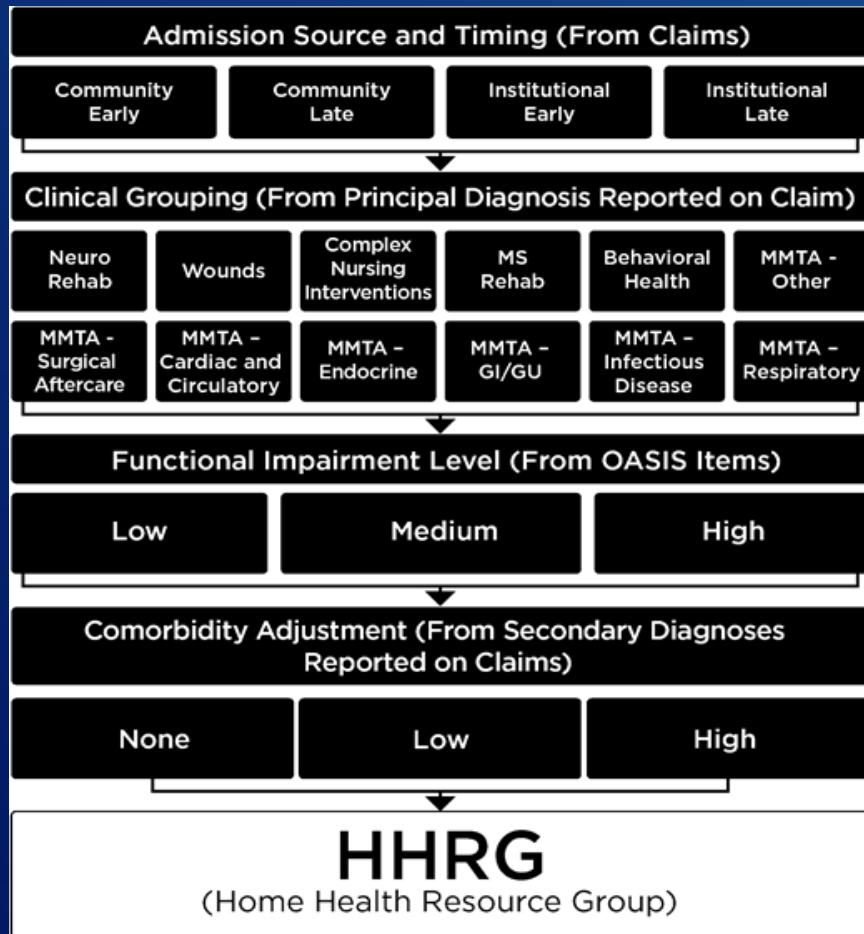
Bipartisan Budget Act of 2018

- Mandated two changes to the home health prospective payment system (PPS):
 - 30-day unit of payment instead of 60-day unit
 - Elimination of therapy visits provided in an episode as a payment factor
 - In response, CMS implemented Patient-Driven Groupings Model (PDGM) on January 1, 2020
- Requires MedPAC to submit an initial assessment of the impact of the changes by March 15, 2022

Persistent issues in Medicare home health prospective payment system

- Medicare payments are too high, with margins averaging over 16 percent annually since 2001
 - MedPAC has consistently recommended payment reductions for home health
- Until 2020, PPS included number of therapy visits provided in an episode as a factor in payment
 - Providing more therapy visits increased payments significantly
 - Episodes receiving additional payments for therapy accounted for growing share of total episodes
 - MedPAC recommended removal of therapy as a factor in payment in 2011

Overview of the Patient-Driven Groupings Model



- 432 home health resource groups (HHRG)
 - 30-day periods
 - Sets case mix with clinical, functional, and service use factors (not including therapy visits)
- Low-use payment adjustment (LUPA) periods paid on a per-visit basis; threshold varies from 2-6 visits by payment group (short-stay outlier)
- Most significant revision to the PPS since 2000

Measuring initial impact of the BBA 2018 changes is confounded by the COVID-19 public health emergency

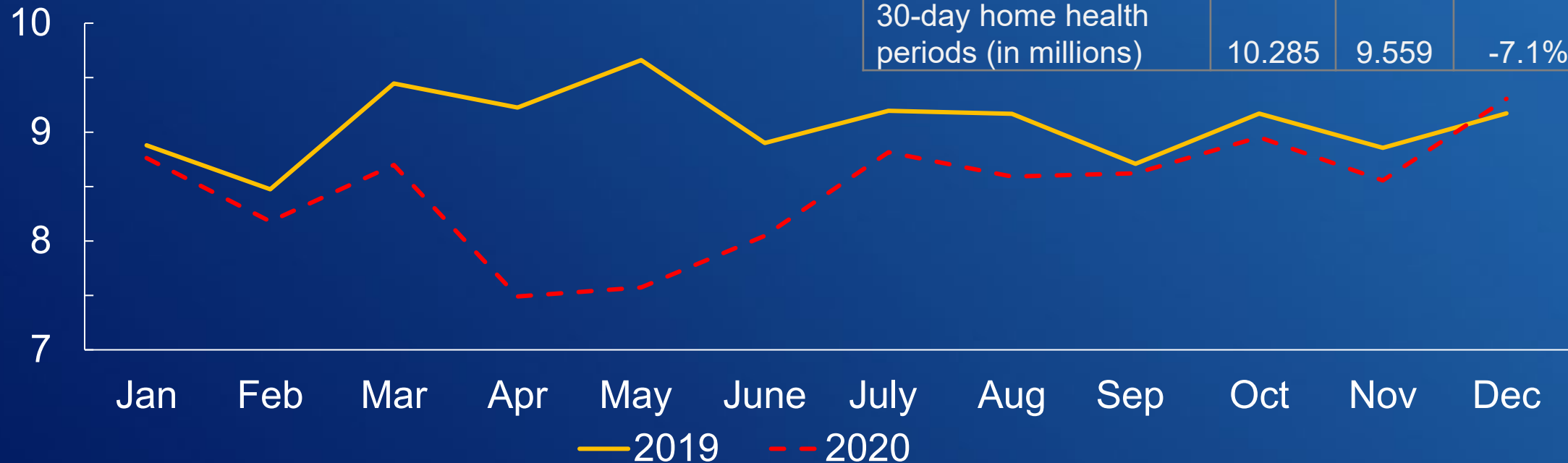
- Some impacts of the public health emergency (PHE) likely reduced demand for home health care:
 - Beneficiaries declining/avoiding care to isolate at home (social distancing)
 - Fewer hospital procedures triggering a home health period
- Conversely, some demand likely increased due to the substitution of home health care for institutional/inpatient care

PHE-related policy changes likely affected HHA operations in 2020

- HHAs received payments from the Paycheck Protection Program
- Several policies were implemented with the intent of improving access to home health care:
 - Broadened coverage of telehealth
 - Allowing nurse practitioners to order home health
 - Presumptive homebound status for beneficiaries with suspected COVID-19

Utilization remained at or near 2019 levels after a decline in April and May 2020

Number of 30-day periods per month (in 100,000s)



	2019	2020	Change
Home health users (in millions)	3.472	3.08	-11.2%
30-day home health periods (in millions)	10.285	9.559	-7.1%

Source: MedPAC analysis of 2019 home health LDS file (PDGM) and 2020 Standard Analytic File.
 Note: 60-day episodes in 2019 have been converted to 30-day periods to facilitate analysis

Mix of patients did not change significantly in 2020

- Compared with 2019, little change in share of 30-day periods:
 - Admitted from the community vs. post-hospital
 - Admitted for a first period of home health care vs. subsequent
 - Qualifying for LUPA
 - By clinical category (primary reason for home health care)
- Some increase in share of 30-day periods with high levels of functional debility and certain co-morbidities
 - May reflect changes in HHA coding practices

Increased use of telehealth during the PHE makes it difficult to interpret the decline in in-person visits in 2020

- In-person home health visits declined by 20 percent in 2020
 - 2019: 100 million in-person visits
 - 2020: 79.7 million in-person visits
- But use of telehealth by HHAs reportedly increased
 - One survey found that 71 percent of HHAs reported expanded telehealth service in 2020
- No detailed information on telehealth services is reported to Medicare (type or frequency)
- Decrease in total visits provided in 2020 likely smaller if telehealth visits were included

In-person visits per period declined in 2020, with nursing visits declining less than other services

- Average number of in-person visits per 30-day period declined by 1.3 visits
 - 2019: 10.2 visits per period
 - 2020: 8.9 visits per period
- Therapy declined by 1.1 visits per period (about 85% of the decline)
- Nursing declined by 0.2 visits per period
- Use of telehealth services likely offset some of the decline

Share of 30-day periods with in-person therapy visits declined

- Under the PDGM, therapy visits are no longer a factor in payment
- Share of full (non-LUPA) periods with at least one in-person therapy visit declined from 65% in 2019 to 57% in 2020
- For periods with at least one in-person therapy visit, decline was concentrated among periods with 6 or more visits:

	1 to 5 in-person therapy visits	6 or more in-person therapy visits
2019	42.6%	57.4%
2020	50.0%	50.0%

Source: MedPAC analysis of 2019 home health LDS file (PDGM) and 2020 Standard Analytic File.
Note: 60-day episodes in 2019 have been converted to 30-day periods to facilitate analysis

CMS analysis of payments and costs indicates that payment levels are high under PDGM

- MedPAC will present analysis of 2020 payments and costs at December 2021 meeting
- CMS found that PDGM payment rate was 34 percent greater than cost of average non-LUPA 30-day period
- Indicates that PDGM inherited inflated payment rates in prior system
 - Aggregate Medicare margin was 15.8 percent in 2019

Supply of agencies declined slightly in 2020

- Number of HHAs participating in Medicare declined one percent in 2020 to 11,456 agencies
 - Supply of HHAs had been declining by about 2 percent per year
- Decline in supply is smaller than decline in number of periods, beneficiaries, and in-person visits

Summary

- Determining the impact of PDGM is difficult due to PHE disruptions
- Volume of 30-day periods dropped in Spring 2020, but later recovered to near 2019 levels
- Mix of patients in 2020 was unchanged on most indicators
- Number of in-person visits declined, but decrease was offset by an unknown amount of telehealth
 - Decline in in-person therapy may reflect a “reset,” as new system does not incentivize additional visits
- CMS analysis indicates PDGM base rate of 2020 is 34 percent more than cost of average period
- Supply of HHAs was stable in 2020

Other planned analyses

- Review of quality measures
- Additional patient characteristics
- Analysis of payments and costs for 2020