



Advising the Congress on Medicare issues

Assessment of payment adequacy: home health

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Adequacy indicators for home health are positive

- Almost all beneficiaries live in an area served by home health
- Number of HHAs continues to grow
- Share of users and volume of episodes continues to increase
- Most quality measurements indicate small improvement
- Margin for 2006: 15.4 percent

Policy changes

- Base rates reduced to account for changes in coding practice in 2000-2005:
 - 2008-2010: -2.75 percent (each year)
 - 2011: -2.71 percent
- New system of patient classification in 2008
 - 153 resource groups
 - New therapy thresholds
 - Case-mix weights updated from 1997/1998

Payments and costs for 2008

- 3.3 percent market basket increase in 2007
- 2008 base rate increase: .25 percent
 - Market basket: 3.0 percent
 - 2008 retrospective adjustment for change in coding practices: -2.75 percent
- Cost growth per episode still low but higher than previous years
- 11.4 percent margin for 2008

Summary

- Access to care is generally good
- Slight improvement on most quality measures
- Volume and supply are increasing
- Projected margin for 2008 is 11.4 percent