

Workplan for a mandated final report on the impact of recent changes to the home health prospective payment system

Evan Christman

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Presentation roadmap

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- 2 BBA 2018 policy changes to the home health PPS
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Background of home health care use and spending, 2022



Home health agencies

Over 11,300



Users

2.8 million (8% of FFS Medicare beneficiaries)



Services

8.6 million 30-day periods



Payments for services

\$16.1 billion

Note: FFS (fee-for-service)
Source: MedPAC analysis of home health standard analytic file

The Bipartisan Budget Act (BBA) of 2018 mandated changes to the home health PPS

	Pre-BBA 2018	Post-BBA 2018 (beginning January 2020)
Unit of payment	60-day episode	30-day period
Is the number of therapy visits as a factor in the payment system?	Yes (more therapy visits resulted in higher payments)	No

Note: PPS (prospective payment system)

BBA 2018 changes reflected prior efforts to reform the home health PPS

- MedPAC (March 2011):
 - Found that HHAs adjusted therapy services to maximize payment
 - Commission recommended the elimination of therapy as a payment factor
- U.S. Senate Finance Committee (2011):
 - Found that financial incentives of the PPS influencing the provision of therapy should be eliminated
- In 2017 CMS proposed, but did not finalize, changes to the home health PPS that were similar to those in BBA 2018

Note: BBA 2018 (Bipartisan Budget Act of 2018), PPS (prospective payment system), HHA (home health agency)

Source: MedPAC March 2011 Report to the Congress; U.S. Senate, Committee on Finance, 2011. Staff Report on home health and Medicare therapy threshold. 112th Congress, 1st Session S. PRT. 2011: 112-24.

In 2020, CMS implemented mandated changes to the home health PPS

- New Patient Driven Groupings Model (PDGM) measures patient severity in five dimensions:
 - Timing (first or subsequent 30-day period)
 - Source of referral (hospital/institutional PAC or community-admitted)
 - Clinical group (based on primary diagnosis)
 - Functional status (based on OASIS patient assessment)
 - Comorbidities (chronic and other conditions)
- Use of therapy services excluded from PDGM
- 30-day unit of payment

Note: PPS (prospective payment system), OASIS (Outcomes Assessment and Information Set).

BBA 2018 mandate for MedPAC to assess the impact of changes to the home health PPS

- MedPAC required to assess impact on payments, costs, quality, and assess any unintended consequences
- BBA 2018 requires two reports:
 - Interim report (published in March 2022 report to Congress)
 - Final report due March 15, 2026

MedPAC's interim report on impact of changes to home health PPS (March 2022)

Key findings for 2020:

- Utilization declined, but factors other than PDGM likely affected utilization
- Similar mix of patients by timing, source of referral, and clinical group
- Quality challenging to assess due to disruptions of pandemic; results were mixed

Limitations of analysis:

- Only one year of post-PDGM utilization data available (2020)
- Disruption of COVID-19 pandemic and workforce shortages
- Other factors:
 - Home health utilization already declining prior to 2020
 - Declining FFS enrollment and Medicare hospital discharges

Source: MedPAC March 2022 Report to the Congress

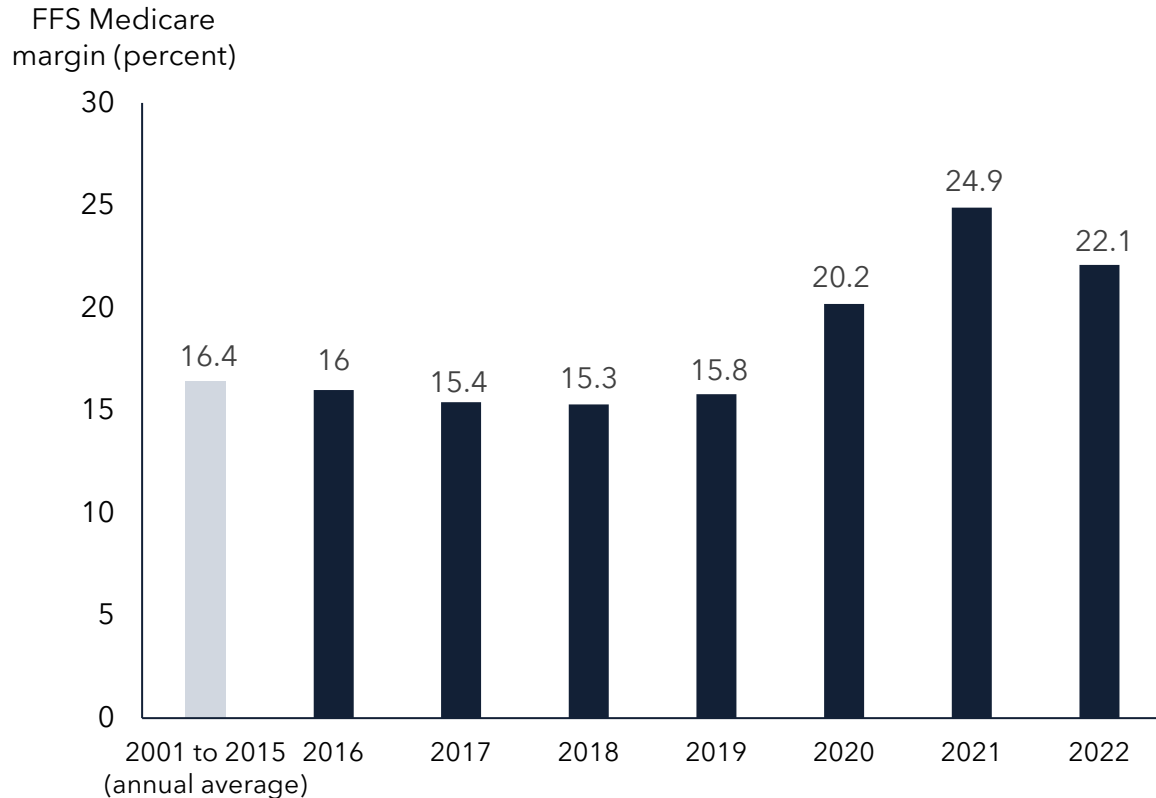
Number of in-person visits have declined since 2020

Provider type	2019	2020	2021	2022	Total change in visits
Total visits per 30-day period	10.2	9.2	8.8	8.6	-1.6
Visits per 30-day period by discipline:					
Therapy	4.9	3.9	3.9	4.0	-0.9
Skilled nursing	4.6	4.6	4.3	4.1	-0.5
Medical social services and home health aide	0.8	0.7	0.6	0.5	-0.3

Note: Home health services initiated in 2019 were paid under 60-day episodes. For this table, home health care services initiated in 2019 were recalculated as 30-day periods to provide comparable units of service in the later years. Thirty-day periods are included in the year that the period ended. Components may not sum to totals due to rounding. Visit counts have been rounded. "Total change in number of visits" column was calculated on unrounded data. Excludes low-use 30-day periods. Therapy includes physical therapy, occupational therapy, and speech-language pathology.

Source: MedPAC analysis of 2019 home health Limited Data Set file and standard analytic files 2019 through 2022.

FFS Medicare margins for freestanding HHAs remained high before and after the implementation of PDGM



Source: MedPAC analysis of Medicare home health cost report files 2001 to 2022.

- FFS Medicare payments to HHAs have always been well in excess of costs
- 2022 FFS Medicare margin: 22.1%
- MedPAC recommended that the 2024 PPS base rate be reduced by 7% (March 2024)

Preliminary workplan for final report on the impact of BBA 2018 changes to the home health PPS

- Assess aggregate impact of 30-day period and PDGM (new case-mix system)
- Interrupted time series regression model using data from 2016–2023
 - Use pre-2020 trends to estimate a counterfactual for 2020–2023
 - Accounts for pre-2020 trends (i.e., declining home health utilization)
- Include statistical controls that account for beneficiary, geographic, labor market, and other factors related to home health care use
- Estimate separate impacts for 2020–2023 (measures change in outcomes for each year after accounting for other factors in model)

Note: PPS (prospective payment system), PDGM (Patient-Driven Groupings Model).

Preliminary workplan for final report on the impact of BBA 2018 changes to the home health PPS (cont.)



Access to care and utilization

- Probability that a beneficiary received any home health care services
- Number of visits per 30-day period (overall and by type of visit)
- Length of home health stay



Quality of care

- Within-stay potentially preventable hospitalization
- Discharge to community
- Change in beneficiary mobility
- Change in beneficiary self-care



Medicare payments and costs

- Payments per stay
- Costs per stay
- Payment-to-cost ratios per stay

How did these outcomes change after the implementation of the new payment policies in the home health PPS in 2020?

Preliminary workplan for final report on the impact of BBA 2018 changes to the home health PPS (cont.)

- Beneficiary subgroups could include:
 - Community-admitted and post-hospital users of home health care
 - Beneficiaries with conditions indicating high need for home health or resource intensive (higher than average visits per 30-day period)
 - Dual-eligible beneficiaries
 - Beneficiaries needing physical, occupational, or speech-language therapy
 - Beneficiaries who were referred to home health care at hospital discharge but did not receive it
- May also examine HHA attributes' relationship to outcomes (size, ownership, intensity of therapy services prior to 2020)

Note: BBA 2018 (Bipartisan Budget Act of 2018).

Evaluating the impact of BBA 2018 changes will be challenging

- Beneficiaries not randomized; relying on econometric controls
- Many factors affected home health care utilization during implementation period
 - Control variables may not adequately account for influence of non-payment system factors
 - Unmeasured factors may influence outcomes
- Need to consider limitations when presenting results

Note: BBA 2018 (Bipartisan Budget Act of 2018).

Discussion

- Questions
- Feedback on materials
- Preliminary results in Fall 2025; final report due March 15, 2026



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