CHAMBER HILL

INSIGHTS

MedPAC Reviews Home Health

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On October 11, 2024, the Medicare Payment Advisory Commission (MedPAC) held the second day of its October 2024 public meeting. The sessions focused on home health and included discussions of recent changes to the Medicare Home Health Prospective Payment System (PPS) and home health use among Medicare Advantage (MA) enrollees. Both sessions included information on MedPAC's previous work on these topics and plans for future work.

WORK PLAN FOR MANDATED FINAL REPORT ON RECENT CHANGES TO HOME HEALTH PPS

MedPAC staff began the session by outlining its plans for the congressionally mandated report on changes to the Home Health PPS included in the Balanced Budget Act (BBA) of 2018. The mandated changes included moving from a 60-day period to a 30-day period for the payment unit and a new patient classification system, the Patient-Driven Groupings Model. MedPAC is required to analyze and report on how the changes impact payments, costs, and quality and to assess any unintended consequences. MedPAC's interim report found that home health utilization declined following the implementation of the changes to the Home Health PPS. MedPAC noted that the analysis in the interim report was limited by the COVID-19 pandemic, previously declining home health utilization, declining Medicare fee-for-service (FFS) enrollment, and declining Medicare hospital discharges. MedPAC staff also pointed out that FFS Medicare margins for freestanding home health agencies (HHAs) have remained high even after the implementation of PDGM (22.1 percent in 2022). MedPAC staff outlined plans for completing the analysis for the final report, acknowledged difficulties that remain in producing the analysis, and asked for feedback from Commissioners.

Commissioners discussed how to best ensure that MedPAC produces a high-quality final report to Congress. One suggestion was to remove 2020 data from the analysis to help mitigate any distortion from the COVID- 19 pandemic. There was also discussion about how to capture variations in data on home health in rural and urban areas. Some suggestions included utilizing population density as a tool to measure rurality as well as employing a similar approach to how the Commission measures for socioeconomic status. There was also discussion of which beneficiary subgroups could be included in MedPAC's analysis. Among the ideas mentioned were including dual-eligible beneficiaries as well as beneficiaries who were referred to home health care but did not receive it. Interest was also expressed in stratifying the data based on the type of HHA. One Commissioner also raised concerns about waste, fraud, and abuse in the home health space and the high margins in reimbursement. This presentation and discussion will inform the final report to Congress is due March 15, 2026.

ESTIMATES OF HOME HEALTH USE AMONG MA ENROLLEES

The final session of MedPAC's October 2024 Public Meeting featured an estimate from MedPAC staff on home health use among MA enrollees. Staff detailed that this estimate was done by examining FFS home health claims, MA home health encounters, and the Outcome and Assessment Information Set (OASIS) assessments. Findings were calculated at the county level. The data was broken down further by looking at counties that met certain "match-rate" thresholds between MA home health encounter data and OASIS data and data with home health- use outliers trimmed. Overall, MedPAC estimated that the MA home health care use rate is 1% lower than the FFS home health care use rate (9.1 and 10.1%, respectively). However, staff also highlighted certain variations (See table below). The presentation also included an estimate of home health visits for MA and FFS beneficiaries in 2021. When looking at the mean across counties, MedPAC found a greater number of visits per beneficiary (25.8 vs. 20), more minutes per visit (47 vs. 35), and a greater number of months with at least one visit (3.8 vs. 3.0) for FFS beneficiaries compared to MA beneficiaries. MedPAC staff also looked at the distribution of average home health visits per beneficiary in 2021 based on the type of care provided. This analysis found that skilled nursing care made up a higher percentage of visits in FFS than in MA (47 vs. 42%), that physical and occupational therapy made up higher percentages of visits in MA (37% vs. 35% and 11% and 10%). Staff cautioned Commissioners that differences in MA and FFS beneficiaries can affect utilization and that this estimate has not been adjusted for those differences. Staff also noted that future analysis will account for beneficiary demographic and health characteristics to better adjust comparisons.

Much of the Commissioners' discussion focused on the analysis used to produce this estimate. Generally, Commissioners were pleased with the methodology used in the analysis, although questions were raised about some of the methodological choices and how future analysis might be refined. Commissioners expressed interest in how MedPAC might analyze quality in home health provided to FFS vs. MA enrollees. For example, one Commissioner asked about the possibility of looking at denials, complaints, and appeal rates to measure quality. Other Commissioners expressed interest in examining network adequacy for HHAs covered by MA plans. One Commissioner asked about the possibility of a closer examination of the differences between certain subsets of the Medicare population, such as dual-eligible vs. nondual eligible beneficiaries.

We trust you found this summary useful. Please reach out to us with any questions.