

HOME CARE PRIORITY: RATES

- ◆ The President’s budget proposed reducing payments to the Medicare home health benefit by eliminating the market basket update. This, in combination with the acceleration of the application of the case mix creep adjustment (see “Home Care Priorities: Creep”) would reduce outlays to Medicare home health by \$13 billion over the next five years. The budget adopted recommendations made by the Medicare Payment Advisory Commission (MedPAC).

- ◆ MedPAC bases its recommendations on faulty data.

- ◇ First, it does not include any consideration of the 1,626 agencies (21 percent) that are part of a hospital or skilled nursing facility. Facility-based HHAs have an average Medicare profit margin of negative 6.19 percent.

- ◇ Second, the MedPAC analysis uses a weighted average, combining all HHAs into a single unit, rather than recognizing the individual existence and local nature of each provider. It sees a single national profit margin for freestanding agencies as representative of over 9,700 very diverse HHAs. When all agencies’ margins are included and given equal weight, the true Medicare margin would be closer to 5 percent. About one third of home health agencies currently have negative margins.

- ◇ Third, MedPAC margin data fails to recognize many agency costs, including the cost of telehealth equipment, increasing costs for labor, emergency and bioterrorism preparedness, and system changes to adapt to the new home health payment changes.

- ◆ The table to the right shows the percentage of Ohio home health agencies that would have negative margins in 2010 and 2011 if these cuts go into place.

- ◆ **OHPCAN Asks You:**

- ◇ To oppose any cut to the Medicare home health benefit, and
 - ◇ Ensure an adequate annual market basket update so that home health can keep pace with inflation, rising labor and energy costs, and continue to provide vital services to frail and elderly Ohioans.

CD	Congress- person	Neg. Margin 2010	Neg. Margin 2011
1	S. Driehaus	6.06 %	18.18%
2	J. Schmidt	17.19%	34.38%
3	M. Turner	20.37%	35.19%
4	J. Jordan	29.76%	44.05%
5	R. Latta	39.44%	54.93%
6	C. Wilson	24.00%	52.00%
7	S. Austria	29.06%	41.03%
8	J. Boehner	16.95%	22.03%
9	M. Kaptur	44.68%	57.45%
10	D. Kucinich	36.17%	57.45%
11	M. Fudge	32.56%	51.16%
12	P. Tiberi	25.97%	41.56%
13	B. Sutton	36.36%	52.73%
14	S. LaTourette	31.75%	52.38%
15	M.J. Kilroy	25.97%	40.26%
16	J. Boccieri	40.74%	64.81%
17	T. Ryan	27.66%	55.32%
18	Z. Space	32.76%	56.03%
OH		29.34%	45.11%