



LHC Group statement on Bipartisan Budget Act of 2018

Early this morning, Congress passed two-year budget legislation which included a Medicare extenders package containing substantive provisions, including home health payment system reform. On the whole, we view the Bipartisan Budget Act of 2018 as an incrementally positive package of improvements.

- **A new case mix model:**

- To be developed in a transparent process involving Centers for Medicare and Medicaid Services (CMS), the home health industry, and the Congressional committees of jurisdiction.
- The new model will use 30-day periods, and is mandated to be implemented in a budget-neutral way starting in 2020 and will not include the use of therapy visits as a determinant. Congressional Budget Office (CBO) scored this at zero savings and zero cost due to the budget-neutrality requirement. It is our understanding that the intent of these changes is to retain the 60-day episode and ensure payment changes do not reflect savings to the system.
- CMS is encouraged to consider the use of alternative payment reform recommendations like the “Risk Based Grouper Model” proposed in response to the Home Health Groupings Model (HHGM).
- The new model must be developed on a budget-neutral basis as opposed to HHGM, which was proposed on a non-budget-neutral basis in the proposed rule. Further, any behavioral adjustments must now be transparent and subject to public notice, comment through the rule-making process. HHGM, as proposed, footnoted a reference to behavioral adjustments that were not defined and not transparent in its underlying assumptions period in 2017.

- **Full restoration of the 3 percent rural add-on**

- In 2018, phased down over five years beginning in 2019.
- Restores an important protection of access to Medicare home health care for rural America, and provides sufficient time for the industry to produce additional compelling evidence to demonstrate the positive impact of the rural add-on payment to rural Medicare beneficiaries.
- Since its inception, the rural rate has been repeatedly renewed by Congress in recognition of the continued need.



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- **Face-to-face documentation improvements** allowing the home health medical record in its entirety to be used in support of the physician's attestation of medical necessity.
- **Medicare improvements to address the needs of the chronically ill** through healthcare services provided at home, including interdisciplinary care management, tele-health and tele-monitoring for Medicare Advantage plans, requiring states to better integrate Medicare and Medicaid services for the dually eligible, and extension and expansion of the Independence at Home Demonstration Program.
- **A specific market basket update** percentage of 1.5 percent for FY2020, leaving intact the full market basket update (generally expected to be between 2-3 percent) for FY2019. Suspends the productivity adjustment in 2020.
- **IPAB Repeal:**
Repeal of the Independent Payment Advisory Board. The Budget repeals the provision creating the IPAB effective upon passage.
- **Hospice included in Hospital Post-Acute Transfer Policy:**
Hospital transfer policy for early discharges to hospice care. Hospice will be included as a post-acute service subject to the transfer DRG policy -- in which acute-care hospitals receive a reduction in payments if they transfer a patient to post-acute care prior to achieving the mean length of stay for the DRG. (Currently, home health, SNF, and LTCH are included in the policy, the Budget adds hospice as a post-acute provider subject to the policy.)
- **Two-Year Extension of Blended Payments for LTCH:**
Extension of blended site-neutral payment rate for certain long-term care hospital discharges; temporary adjustment to site-neutral payment rates. The Budget extends the blended transition payments for site-neutral LTCH patients for two years, but the pay is for a 4.6 percent reduction in site-neutral payments over 7 years – overall it is a net positive.
- **Physician Assistants as Hospice Attending Physicians:**
Recognition of attending physician assistants as attending physicians to serve hospice patients. Effective January 1, 2019, physician assistants may serve as attending physicians for hospice patients.



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- **Payment Rate Feasibility Study**

The budget act includes a directive to study the feasibility of a higher payment rate for providers, including home health providers that engage in the management of patients' chronic conditions.