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New Spending Bill Gives Insight Into the Future of Home Health, Hospice, and Rehab

On February 9, the President signed a long-awaited spending bill into law. A closer inspection of the budget bill **reveals numerous** provisions that affect many sectors, including home health, hospice, skilled nursing facilities and other post-acute providers. While this bill funds the federal government for two years, the impact on post-acute providers extends much further into the future.

What you need to know

All Post-Acute Providers

The bill moves to address “excessive payment” for post-acute care providers by establishing a unified payment system based on patients’ clinical needs rather than site of care.

The HHS Budget in Brief states that four primary post-acute care settings – skilled nursing facilities, home health agencies, inpatient rehabilitation facilities, and long-term care hospitals – will receive a lower annual Medicare payment update from 2019 to 2023. Beginning in 2024, the proposal implements a unified, post-acute care payment system with payments based on episodes of care and patient characteristics rather than site of service.

Hospice

At a time when the hospice community is reporting a shortage of hospice attending physicians, this legislation addresses the issue by allowing physician assistants to serve as the attending physician to hospice patients – while performing other functions consistent with their scope of practice.

Historically, Medicare only allowed physicians and nurse practitioners to serve as a patient’s hospice attending physician.

Rehab and Skilled Nursing

The spending bill includes a permanent repeal of the longstanding cap on Medicare Part B rehabilitation therapy services that was signed into law. The bill repeals the annual payment cap on Medicare Part B outpatient therapy services, including physical therapy, speech-language pathology and occupational therapy as of January 1, 2018. This was a high priority with providers and advocacy groups.

Home Health

Home Health Groupings Model (HHGM)

The big highlight from the bill is the new payment model (HHGM) for home health care providers. That model shifts the current 60-day unit of payment to a 30-day model. When the Home Health Final was published on November 2, 2017, providers breathed a sigh of relief because HHGM wasn't mentioned. However, just four months later, it has re-emerged in this new spending bill.

However, there is some good news for home health care providers, as the legislation requires the proposal to be budget neutral, unlike the HHGM of last year.

The budget calls for the new HHGM payment system to take effect Jan. 1, 2020, which (according to calculations) would lead to $16.7 billion in savings over a 10-year period.

Market Basket Increase is Lower

As mentioned above, CMS aims to address "excessive" payments to providers, calling for lower payments through 2023. In the case of home health, the market basket rate for home health care is 1.5% in 2020, a change from the 1.4% rate originally expected for 2019. This adjustment will result in a cut to overall home health care payments, reflecting a savings of around $3.5 billion over 10 years, according to the CBO.

Rural Add-On

The rural add-on for home health care providers, which remained in question after it wasn't clearly addressed in the published Final Rule for CY 2018, was approved in this bill. This add-on helps offset the costs of providing care to patients in rural and remote areas.