

United States Senate

WASHINGTON, DC 20510

September 25, 2013

Marilyn Tavenner
Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington DC 20201

Dear Administrator Tavenner:

We are writing to express our concern regarding the 2014 Home Health Prospective Payment System (HHPPS) proposed rule's implementation of home health payment rebasing.

Home health is a critical service that allows patients to be treated and age where they want to be—in their homes. Home health patients are among the most vulnerable in our communities. The vast majority of them are seniors; they are more likely to live alone and have multiple diagnoses from hypertension and heart disease to diabetes and osteoarthritis.

We are concerned the draft rule, which proposes to cut Medicare home health funding by 14 percent over 4 years (3.5 percent reduction each year in 2014-2017), as a result of the rebasing of the 60-day episode payment rate, does not properly reflect Section 3131 of Pub. L. No. 111-148. If finalized in its current form, the HHPPS proposed rule would raise serious concern about access to care for vulnerable seniors, especially in rural and underserved areas.

We firmly believe in ensuring the accuracy of all Medicare reimbursement. However, we are concerned that the proposed rule may fall short of this goal due to its reliance on incomplete data and analysis that results in the under-counting of home health agencies' costs per episode of care, and an inappropriately high rebasing adjustment.

Specifically, the proposed rule appears to under-estimate agencies' actual operating costs by excluding costs that are routinely borne by home health providers. For example, home health agencies are increasingly utilizing telehealth technologies but their cost is excluded from the proposed rule's calculations of the cost per episode of care. The adoption of telehealth is essential to the advancement of home health services and should not be discouraged. In addition, the full measure of Health Information Technology (HIT) and regulatory compliance costs that agencies bear are also not appropriately captured. These costs are only partially reflected in cost reporting data through 2011, and have increased much more rapidly since 2011 than is reflected in the market basket update. Finally, the overhead costs associated with hospital-based agencies do not appear to be sufficiently factored into the rule's calculations of cost per episode of care, even though the rebasing adjustment impacts hospitals just as it does all other home health providers.

We understand that 2011-era cost reporting data used in the proposed rule's calculations is the most current available. However, we ask that CMS consider additional, more current sources of data to better completely reflect the cost per episode of care born by home health providers used to determine the rebasing.

We are committed to ensuring fair and accurate payment for Medicare services, as well as access to care for people in their homes. That is why we urge you to consider additional data to more accurately reflect the full cost of care born by home health agencies in determining rebasing. We thank you for your attention to this critical matter.

Sincerely,

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