



Client Alert

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Medpac Report to Congress Recommends Changes for Home Health, Hospice

In its March 15 report to Congress, the Medicare Payment Advisory Commission (Medpac) made recommendations for payment policy changes across 10 payment systems, including home health and hospice. Acknowledging that long-range payment reforms, such as penalties for excessive readmission rates, linking payment to quality outcomes, medical homes, bundling and accountable care organizations, will take several years to fully implement, the report recommends interim measures for reigning in reimbursement. In Medpac's view, "if Medicare payment rates are constrained, that could create pressure on providers to control their own costs and to be more receptive to new payment methods and delivery system reforms."

For home health, Medpac recommended that Congress eliminate the market basket update for 2012, and that the Department of Health and Human Services (HHS) implement a two-year rebasing of home health rates beginning in 2013. Additionally, Medpac recommended that HHS and the Office of Inspector General (OIG) review areas of the country with aberrant home health utilization and implement suspensions of enrollment and payment in areas of wide-spread fraud. It further recommended that home health's current case-mix system be adjusted so that it no longer overvalues therapy services and undervalues non-therapy services, removing a perceived incentive for patient selection. Finally, Medpac recommended a home health cost-sharing (co-payment) of \$150 to "encourage the beneficiary to consider the value of the services they use."

For the hospice sector, Medpac noted that the Patient Protection and Affordable Care Act (PPACA) already mandates that the Centers for Medicare & Medicaid Services (CMS) publish quality measures for hospice in 2012 and that, beginning in 2014, hospices that do not report quality data will receive a two percent reduction in their annual payment update. Medpac recommended an update of one percent in the hospice prospective payment system for 2012. It also suggested that the accuracy of hospice Palliative Performance Scale (PPS) should be improved by increasing payments for days at the beginning and end of the hospice episode relative to days in the middle of the episode. Citing program integrity concerns, Medpac recommended that the OIG investigate financial relationships between hospices and long-term care facilities, patterns of nursing home referrals to hospice, enrollment practices at hospices with aberrant utilization patterns and hospice marketing and admission practices relative to lengths of stay.

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The 2012 Medpac report also makes recommendations for payment changes for hospital inpatient and outpatient services, physician services, ambulatory surgical centers, outpatient dialysis services, skilled nursing facilities, inpatient rehabilitation facilities and long-term care hospitals. A complete copy of Medpac's 381-page report to Congress can be found [here](#).¹

¹ www.Medpac.gov/documents/mar11_entirereport.pdf

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