

Perry Frank
Home Health Reimbursement Alert!

CONGRESS, HCFA REVISIT HOME HEALTH FUNDING

By Perry Frank*

Home health practitioners and administrators must stay abreast of Congressional and Health Care Financing Administration (HCFA) actions over the coming months, according to leaders of professional groups. “This is a critical juncture,” says Erik Sokol, lobbyist for the National Association for Home Care (NAHC). “We are urging constituents to contact representatives and officials regarding their concerns about funding and patient care under the current law and proposed HCFA regulations. Our combined efforts tipped the balance regarding the 15 percent cut for FY 2000,” he explained. “Members of Congress appear willing to revisit the issues, but progress depends on education and continued coordination.”

The FY 2001 Joint Budget Resolution approved by Congress on April 13 contains the House-passed “Sense of Congress” recommendation that legislators and the Clinton administration should “work together to avoid” the 15 percent cut in home health rates that was mandated under the Balanced Budget Act of 1997 (BBA). The report also calls for similar cooperation to maintain quality services under the Interim Payment System (IPS) for home health patients “whose care is more extensive and expensive than the typical Medicare patient.”

The cuts in Medicare funding for home health were originally slated to take effect in FY 2000, but were delayed by Congress following massive reductions in home health Medicare payments and

the closing of over one-third of Medicare-funded service providers under the Interim Payment System that has been in effect since 1997. The budget proposal ties rescission to the \$40 billion set-aside that is earmarked for improvements in Medicare over the next five years.

Congress and Home Health

The budget resolution underscores the shifting mood of Congress in relation to home health care, coming a week after the House and Senate each introduced a version of the Home Health Payment Fairness Act bill to eliminate the automatic reduction. The backpedaling is in part the result of the education and lobbying campaign waged by a home health industry that has come together around common issues over the last two years. The resolution language was crafted in consultation with the NAHC, the largest industry professional group. In addition to dropping the 15 percent cut, NAHC asked Congress to:

Increase its oversight of HCFA to ensure that the agency's regulations and policies are congruent with the intent of Congress

Grant HHAs forgiveness of overpayments received by HCFA under the Interim Payment System, and

Fully reimburse HHAs for the increased administrative costs associated with implementation of the Home Health Care Outcome and Assessment Information Set (OASIS) diagnostic assessment and reporting requirements.

Regs Move toward Finalization

Meanwhile, the final Home Health regulations, due out July 1, continue to make their way through the system. At issue are several key points, including the so-called 50/50 split, fine-tuning of diagnostic categories, reimbursements for patients requiring more-than-anticipated care, and requirements of physicians to sign off on the patient's diagnostic classification prior to billing.

The 50/50 split. Under the proposed regulations, HHAs will bill for 50 percent of the projected Medicare per-patient payment for a 60-day "episode" at the beginning of home health treatment. The remaining costs of care will be submitted to HCFA for payment following completion of the treatment and approval by intermediaries. Medicare fees will be based on the patient's diagnostic classification into one of 70 Home Health Resource Groups (HHRGs) as determined by a complex assessment process. Industry groups have argued for adjustments of the ratio of initial to final payments of up to 90/10, pointing out that the proposed arrangement will force HHAs to carry the heavily front-weighted expenses of care through the entire cycle and exacerbate the already severe industrywide cashflow crunch.

Case Mix. Home care advocates project that the proposed system will underfund treatment for several large patient groups, including those receiving care for diabetes, wounds, and neurological conditions. Some of the problems stem from the structure of the OASIS assessment instrument that assigns HHRGs based on a strictly circumscribed list of approved primary diagnoses. Industry groups have called for more realistic diagnostic and fee structures.

Physicians' Signature. The proposed regulations require the referring physician to certify the diagnosis and plan of care prior to initiation of billing. A recent HCFA bulletin to Medicare Carriers urged them to brief the physician community regarding their new

responsibilities under PPS, which will also include certification that the patient is homebound, and consultation with HHAs staff in developing a plan of care. Many HHAs and physician groups object to the requirement since the diagnostic assessment is not carried out under the physician's supervision and doctors are not trained in the OASIS process. As a practical matter, it will be difficult to sufficiently involve busy doctors within the tight time constraints required to initiate the billing process.

"The regulations are on the Secretary's desk," said Tom Hoyer, Director of HCFA's Chronic Care Purchasing Policy Group, and one of the chief architects of the document. While confirming that the average per-patient reimbursement would remain close to the previously published \$2,037 base rate, Hoyer emphasized that the final document is still "a work in progress."

Congress Will Have Final Say

"In the short term, I predict that we'll have a 60/40 split, backing off on the signature requirement, and tinkering with the case mix," said Scott Lara, Director of Governmental Affairs for the Home Care Association of America (HCAA). HCFA has asked OMB for emergency clearance of revisions to the OASIS form "for purposes of case mix adjustments of payment rates under home health PPS," indicating some flexibility on the that issue.

"The review process will continue over the next few weeks, both at HHAs and at OMB," said Hoyer. "HCFA's technical staff has done its best to carry out the intent of Congress; now it's up to our legal, policy, and legislative divisions to consider all points of view and make adjustments."

In the long run, however, Congress will continue to shape home health care, both directly through legislation, and indirectly, by applying pressure to HCFA. Concern about PPS and its impact on homebound patients has moved beyond the home health industry. The General Accounting Office has issued a report to the Chairman and ranking members of the key congressional committees critiquing the PPS case mix methodology and predicting that the system will limit access to needed care. Home health practitioners will have increased opportunities to influence the direction of legislation and the quality of care.

Sources

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Tom Hoyer, Director, Chronic Care Purchasing Policy Group, Health Care Financing Administration. Telephone interview 4/20/00. Central Bldg., C4-02-16, 7500 Security Blvd., Baltimore, MD 21244-1850, Phone 410-786-5661.

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