Illinois Health and Hospital Association

August 15, 2023

Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue SW
Washington, D.C. 20201

Re: Calendar Year 2024 Home Health Prospective Payment System Rate Update (CMS-1780-P)

Dear Administrator Brooks-LaSure:

On behalf of Illinois' hospital-affiliated home health agencies, the Illinois Health and Hospital Association (IHA) appreciates the opportunity to comment on the calendar year 2024 (CY24) Home Health Prospective Payment System (HH PPS) proposed rule. We appreciate the Centers for Medicare & Medicaid Services' (CMS) efforts to continue shaping and modernizing the Medicare program while recognizing the significant financial hardships healthcare facilities and providers have faced over the past several years. Home Health Agencies (HHA) continue to deliver high quality care while external factors, specifically decreasing reimbursement and workforce challenges, continue to have a significant negative impact on HHA operations.

Given these ongoing challenges, we are very concerned with CMS' proposed CY24 rate update of -2.2%, which is driven by the proposed permanent behavioral adjustment of -5.1%. A -2.2% rate update is a reduction of an estimated $375 million, relative to CY23. In Illinois, we estimate that CMS' proposed policies for CY24 will result in a 1.91% *decrease* in payments across Illinois HHAs compared to CY23, which amounts to approximately $1.5 million fewer dollars flowing to Medicare-enrolled HHAs. CMS must ensure providers are financially able to provide quality healthcare, especially as the demand for home health continues to grow. **We strongly urge CMS to reexamine the policies and rate update methodologies utilized in this proposed rule, and finalize a rate update that better reflects the economic reality HHAs currently face.**

Proposed CY24 Rate Update

We are disappointed with CMS' proposed CY24 HH PPS rate update. As stated above, after accounting for all proposed payment and policy changes, we estimate that Illinois HHAs will experience a net *decrease* in HH PPS payments of 1.91% compared to CY23.

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This rate update is woefully inadequate given the fiscal realities of the healthcare sector at present.

PDGM Behavioral Adjustment

IHA understands that when the Balanced Budget Act of 2018 passed, Congress instructed CMS to implement the Patient-Driven Groupings Model (PDGM) and included explicit guidance on how CMS should consider budget neutrality. The overall goal was to maintain HHA payments so they mirrored what was spent under the prior case-mix system. This requires CMS to annually review HHA spending, and determine whether they over- or under-paid compared to what would have been spent pre-PDGM. Congress requires CMS to complete this annual review through CY26.

We understand that CMS has identified both permanent and temporary overpayments since migrating HHA payments to the PDGM. That said, as we stated last year, **the proposed 5.1% payment offset is egregious given economic realities.**

We continue to ask CMS to reevaluate its past and present assumptions since implementing the PDGM. Initially, CMS considered three issues: clinical group coding, comorbidity coding, and low-utilization payment adjustment (LUPA) add-ons. CMS assumed that migrating to the PDGM would result in HHAs changing their documentation and coding practices in a variety of ways to maximize reimbursement. These assumptions included that HHAs would put the highest paying diagnosis code as the principal diagnosis code in order to capture a higher-paying clinical group, increasing the number of secondary diagnoses on the HHA claim to capture a larger comorbidity adjustment, and providing additional visits if the episode of care was one to two visits away from the LUPA threshold in order to receive a full 30-day payment.

CMS analysis found that these three assumed behavior changes did occur after PDGM implementation. However, its analysis indicated other behaviors, such as changes in the provision of therapy and changes in functional impairment levels, also occurred. Specifically, CMS determined that changes in case-mix weights were largely driven by a decrease in therapy utilization. The decrease in therapy visits led to a decrease in case-mix weights, and therefore a decrease in aggregate expenditures when compared to pre-PDGM HH payments.

Given CMS' continual push to provide the right service at the right time in the right place, and the slow migration away from acute inpatient care toward care provided in the home, it is counterintuitive that CMS would propose such a significant negative behavioral adjustment that will ultimately make it harder for HHAs to hire skilled labor and provide the outstanding care Medicare beneficiaries deserve. In addition to decreasing reimbursement, workforce challenges are the most significant barrier hospital-affiliated HHAs are facing when it comes to providing care to patients in their homes. **IHA strongly urges CMS to reevaluate its proposed permanent behavioral adjustment and consider postponing its full implementation until more comprehensive data and analyses are available.**

Administrator Brooks-LaSure, thank you for your consideration of our comments on this proposed rule. Please direct questions or comments to Susan Hilton, Director, State and Federal Health Policy, at 217-541-1151 or shilton@team-iha.org.

Sincerely,

A.J. Wilhelmi
President & CEO
Illinois Health and Hospital Association