

MEDICARE REBASING

Medically Underserved Communities

Medicare Cuts of 14% Threaten Low Income, Very Ill Beneficiaries

The Final Home Health Prospective Payment System Rule issued by the Centers for Medicare and Medicaid Services (CMS) on November 22 cuts Medicare home health funding by a staggering 3.5% each year from 2014-2017, amounting to a full 14% cut to the Medicare home health benefit. These cuts pose an even greater risk to those beneficiaries who have low incomes, are severely ill or live in health professional shortage areas (HPSA).

The deep cuts, scheduled to take effect in 2014, are projected to drive 40% of providers nationwide to net losses by 2017. This will affect thousands of seniors in all states who are currently served by a home health agency (HHA) that will likely be forced to close due to net loss. Many of these agencies are located in poor, rural areas and serve a vulnerable senior and disabled population.

Projected Impact of Rebasing on Health Professional Shortage Areas for HHAs with Net Losses in 2017

State	Percent of HHAs with Net Loss in 2017	HH Seniors Served by HHAs with Projected Net Loss	Percent of HH Beneficiaries in Full HPSA Counties ¹	Percent of Dual-Eligibles in State
Arkansas	42.7%	17,011	27%	23%
California	50.0%	137,761	72%	27%
Hawaii	66.7%	1,969	21%	17.2%
Idaho	52.5%	6,377	17%	14.8%
Indiana	50.0%	31,888	43%	16.2%
Maine	32.0%	6,277	50%	38.1%
Montana	62.1%	4,940	38%	11.6%
Nevada	39.1%	10,096	94%	12.4%
New York	64.7%	123,128	62%	26.1%
Oregon	72.0%	15,659	37%	15.9%
South Dakota	40.6%	2,032	46%	15.6%
Wisconsin	60.5%	22,140	62%	24.0%
Wyoming	63.0%	2,277	89%	13.7%

Home Health Beneficiaries vs. Medicare Beneficiaries²

	Home Health	Medicare
Over age 85	24.2%	12.5%
Live alone	35.6%	29.4%
Three or more chronic conditions	83.2%	60.5%
Require help with two or more Activities of Daily Living limitations ³	23.5%	8.9%
Report fair to poor health	45.8%	26.6%

Home Health Beneficiaries are some of the oldest, poorest and sickest Medicare patients. Health and Human Services must repeal this cut or access to vital home health services will be threatened.

1. The percentages in the table for home health care beneficiaries who reside in Health Professional Shortage Area counties are a conservative estimate. In each state there are large numbers of beneficiaries who receive home health services that reside in counties that are partial HPSAs. These beneficiaries have been left out of the analysis because it is not possible from the data to locate them in the areas of a county, which are designated as HPSAs. Avalere Health.

2. Home Health Chartbook. Demographics of home health users, 2011. Avalere Health.

3. "A Home Health Co-Payment: Affected Beneficiaries and Potential Implications." Avalere Health, November 2013.