To: Eric Berger, Partnership for Quality Home Healthcare

From: Avalere Health

Date: May 2015

Re: Rural Beneficiary Data Analysis

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The rural safeguard, which increases Medicare payments to home health agencies (HHAs) by 3 percent for services furnished in rural areas, was set to expire at the end of 2015, but recently extended through December 31, 2017 in the Medicare Access and CHIP Reauthorization Act of 2015.[1] The Partnership for Quality Home Healthcare (PQHH) asked Avalere to provide data analysis to quantify the number of Medicare beneficiaries using home health services in rural counties (including the number of HHAs and the related FTEs) and to highlight the unique demographic characteristics of these beneficiaries.

Results

Rural Home Health Use

Avalere found that in 2013, 631,321 Medicare beneficiaries used HHA services in 1,965 rural counties nationwide. Notably, nearly every state had at least one county that meets the criteria for the rural safeguard payment, with Texas having the most rural counties (172) and Connecticut having the fewest (1).[2] On average, 321 beneficiaries used HHA services in each rural county; however this reflects significant variation across counties.

26 counties (0.9%) nationwide were served by a single HHA in 2013. These counties were found in Colorado, Kansas, Montana, Nebraska, North Dakota, South Dakota, and Texas and account for a total of 93 beneficiaries using HHA services. An additional 27 counties were served by two HHAs, representing 410 total beneficiaries.

Table 1: Summary of Results

Total FFS Beneficiaries Using HHA Services in Rural Counties	631,321
Average Number of HH Beneficiaries Per Rural County	321

[1] Public Law 114-10, Section 210 "Extension of Home Health Rural Add-On". https://www.congress.gov/114/bills/hr2/BILLS-114hr2enr.pdf

[2] Delaware, Rhode Island, New Jersey, and Washington D.C, do not have rural counties.

Table 2: Top Five States with the Most Rural Home Health Users:

State	Total Number of Beneficiaries Using HHA Services in Rural Counties*	Number of Rural Counties
Texas	65,306	172
Mississippi	35,862	65
Oklahoma	31,842	59
North Carolina	31,075	54
Tennessee	28,769	53

*Beneficiary counts reflect state-level unique beneficiaries, which are slightly lower than the sum of county-level data. This likely reflects some in-state duplication in the county data to the extent beneficiaries may move between counties in a given year.

Full county-level results can be found in Attachment B.

Characteristics of Rural Home Health Users

On average, rural beneficiaries who used home health were older than the all Medicare beneficiary population, but approximately the same age as non-rural home health users. Rural home health users were more likely than non-rural home users to be dually eligible for Medicare and Medicaid and slightly more likely to be female. Home health users in rural counties were also more likely to be white than their counterparts in non-rural counties.

Table 3 shows full results of the demographic analysis:

Table 3: Rural Home Health Beneficiary Characteristics

	All home health users in rural counties	All home health users in non-rural counties	All Medicare beneficiaries
Mean Age	75.4	75.9	69.7
Age Group			
Under 65	15.1%	14.8%	25.2%
65 - 74	27.5%	26.1%	41.6%
75 - 84	33.5%	32.0%	22.3%
85 and up	23.9%	27.1%	11.0%
Gender			
Male	38.2%	37.8%	46.1%
Female	61.8%	62.2%	53.9%
Race			

White	87.5%	78.1%	81.6%
Black	9.5%	14.1%	10.3%
Asian	0.2%	2.0%	2.1%
Other	2.8%	5.8%	5.9%
Percent Dual	30.8%	28.9%	19.0%

Methodology

Avalere used the 2013 100% Standard Analytic File (SAF) and the 2012 and 2013 home health agency Medicare cost reports. We identified rural counties as those that meet the definition of "rural" for the purposes of the Medicare rural safeguard (3 percent additional payments), as defined in Section 1886(d)(2)(D) of the Social Security Act. These counties are defined as those outside of a Core-Based Statistical Area (CBSA) area. Avalere used the 2013 revised Office of Management and Budget (OMB) delineations to identify counties outside of a CBSA.

Avalere identified the number of unique FFS Medicare beneficiaries that used HHA services in rural counties in 2013 based on beneficiaries who resided in a rural county and had a home health claim in the SAF. Similarly, Avalere identified the total number of HHAs that billed Medicare in 2013 by rural county. These HHAs are unique by county, meaning that there is likely duplication across multiple counties (e.g. a HHA that served two beneficiaries in County A and one beneficiary in County B is counted twice – once for County A and once for County B). Avalere defined HHAs using provider numbers in the Medicare claims data; to the extent a single company operates multiple locations under different provider numbers, those locations are counted as separate HHAs.

For each HHA, Avalere used cost report data to identify the number of full-time equivalents (FTEs), including both staff and contracted employees. The analysis primarily uses 2012 home health cost reports because it is the most complete, but supplemented the data with 2013 when 2012 data were not available and 2013 data were available. HHAs without cost reports are not represented in the FTE counts, though they contribute to the beneficiary and provider counts. A small number of HHAs reported staff/contract hours instead of FTEs. Based on cost report instructions, for these (identified as HHAs with FTEs > 1,000), Avalere divided the number provided by 2,080 to derive annual FTEs.

Attachment A provides unduplicated HHA and FTE counts by state. Attachment B provides county-level results.