

Advocacy Suggests that the Centers For Medicare and Medicaid Services should Improve the Transparency of the “Rebasing” Adjustment Assumptions Utilized in the Home Health Prospective Payment System Rate Update for 2014

On September 10, 2013, the Office of Advocacy (Advocacy) filed comments with the Centers for Medicare and Medicaid Services (CMS) providing the agency with its Regulatory Flexibility Act suggestions and industry concerns about the potential economic impacts associated with the Prospective Payment System Rate Update for 2014. A copy of Advocacy’s comment letter may be accessed at <http://www.sba.gov/advocacy/816/753076>.

- On July 3, 2013, CMS published a rule in the *Federal Register* (78 Fed. Reg. 40272) that proposed to update, and make revisions to, the home health prospective payment system for calendar year 2014 (hereinafter known as the 2014 HH PPS rule). CMS stated in the preamble that the rule proposes rebasing adjustments with a 4-year phase-in, to the national, standardized 60-day episode payment rates; the national per-visit rates; and the NRS conversion factor as required by the Affordable Care Act.
- The proposed rule suggests that the overall economic impact of the regulation is an estimated \$290 million in decreased payments to home health agencies (HHAs) in calendar year 2014. While acknowledging the reduction in Medicare reimbursements to HHAs, CMS certified that the regulation will not have a significant impact on a substantial number of small entities in the RFA section of the rule while at the same time the agency provided data about the impacts in an Initial Regulatory Flexibility Analysis.
- Advocacy was approached by HHAs and their representatives from the National Association for Home Care and Hospice (NAHC). The stakeholders asked Advocacy to review the proposed rule because they believe that the regulation will significantly impact their small businesses and potentially affect Medicare beneficiary access to quality care.
- Advocacy believes that the transparency of this proposed rule would be increased if CMS refined the RFA analysis that led the agency to certify no impact. Advocacy suggested that the agency utilize its standard measure of economic impact by looking at home health revenues, in addition to an analysis of volume of episodes. Also, CMS should provide information on the rule’s projected impacts for the 4-year phase-in of the rates, not just the impacts for 2014, especially since the agency’s discussion of alternatives raised the possibility that it may take additional rebasing factors into consideration when finalizing the 2014 HH PPS.

For more information, visit Advocacy’s web page at <http://www.sba.gov/advocacy/816/753076> , or contact Linwood Rayford at (202) 205-6533.