



5511 Virginia Way  
Suite 150  
Brentwood, TN 37027

Chiquita Brooks-LaSure  
Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Attention: CMS-1766-P  
Mail Stop C4-26-05  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Submitted electronically

**RE: Medicare Program; Calendar Year (CY) 2023 Home Health Prospective Payment System Rate Update; Home Health Quality Reporting Program Requirements; Home Health Value-Based Purchasing Expanded Model Requirements; and Home Infusion Therapy Services Requirements (CMS-1766-P)**

Dear Administrator Brooks-LaSure,

The Association of Home Care Coding and Compliance (AHCC), the national membership organization for home health coding and compliance professionals appreciates the opportunity to comment on changes to the Home Health Prospective Payment System as outlined by the Centers for Medicare and Medicaid Services Calendar Year 2023 Home Health Prospective Payment System Rate Update; Home Health Quality Reporting Program Requirements; Home Health Value-Based Purchasing Expanded Model Requirements; and Home Infusion Therapy Services Requirements proposed rule.

**Proposed ICD–10–CM Diagnosis Code Reassignments to a PDGM Clinical Group or Comorbidity Subgroup.**

AHCC agrees with the proposal to reassign 320 codes to a different clinical group, 37 to a different comorbidity group and to create a new comorbidity subgroup for neuro conditions. These refinements make sense when considering the diagnoses involved.

**Continued focus of reducing agency reimbursement**

AHCC is concerned about the impact of agency reimbursement suggested by the proposed rule. We see costs for supplies and staffing on the rise and yet the proposed rule suggests a reduction in reimbursement.

The proposed CY2023 annual payment update percentage is 2.9%, which is well below current inflation, which peaked at 8.5% in March. Although a 2.9% increase is insufficient to allow agencies to keep up with inflation and other financial pressures, we believe any increase in reimbursement will help beleaguered agencies. However, with CMS determining a behavioral adjustment of -7.69% is necessary to maintain “budget neutrality” under PDGM, the CY2023 payment calculation results in a significant *reduction* to the home health standardized 30-day payment.

If the payment update and behavioral adjustment are enacted as proposed, the result will be a CY2023 payment that is only 93.75% of last year’s payment, despite the 2.9% payment update. This reduction in the home health PPS standardized payment will present a serious challenge to agencies next year.

CMS estimates the average cost per 2021 Home Health episode at \$1,420.35. CMS bases the conclusion that costs are 34% less than reimbursement on two reasons: First, agencies have consistently reduced visits. CMS cites to 2017 to show that from 2017 to today, agencies have reduced the number of visits per episode by 16%. Second, CMS states that costs have not grown as fast as reimbursement.

This second claim does not ring true given the history of reimbursement updates over the last few years as well as the recent pandemic, record inflation and a significant home health staffing crisis which has driven up employee pay, especially for nurses and aides – some of whom are subject to new minimum wage requirements.

The national average hourly rate for home health nurses was \$35.20 in 2021, up 2.98% from the previous time period, according to the *2021-2022 Home Care Salary & Benefits Report*, released in December 2021 by Hospital & Healthcare Compensation Service (HCS). And a study conducted by the Peterson Center on Healthcare and KFF determined that Home Health services led the market for wage increases for most of 2021. This increase was due, in large measure, to the need to significantly increase nurse pay to attract and retain competent professional staff especially in light of significant competition posed by institutional providers for the same professionals.

In addition to sky-rocketing nursing salaries, other costs have risen dramatically in the past year. Durable Medical Equipment product cost has seen increases in the 10-15% range and freight and transportation costs are up 7-10% or more. Plus, we’ve experienced dramatic gas price increases.

Home health agencies cannot continue to provide services with a 6% cut. The old data from 2017 and 2018 used to arrive at this proposal doesn't take into account the current reality. The world is in a different place now – the pandemic has fundamentally changed so much.

### **PDGM Therapy Utilization**

Since its inception, the home health PPS system included a therapy bonus. PDGM eliminated this bonus payment which led CMS to speculate that therapy utilization would change under PDGM. CMS analyzes therapy utilization data and concludes that home health agencies altered their behavior in response to the elimination of the therapy bonus payments.

Although CMS believed agencies might reduce or even eliminate therapy, the data shows something different. For example, in CY2021, the percentage of therapy-only episodes increased from 14.4% in 2019 to 17.8%. The percentage of episodes that have therapy and non-therapy visits declined from 48.8% in 2019 to 42.3% in CY2021. The percentage of episodes with no therapy at all went from 37.2% in 2019 to 39.9% in 2021. This same data shows that in 2020 42.6% of episodes did not include therapy, which likely reflects the impact of the pandemic. It also shows a trend downward in the percentage of episodes without therapy. This data appears to support the conclusion that home health agencies continued to provide therapy to patients, despite the fears that PDGM might lead to a significant decline in therapy utilization in home health.

Although CMS data shows continued therapy utilization in home health, the pattern of utilization does appear to change. The percentage of episodes with 1-6 therapy visits increased in 2020 and 2021. The percentage of episodes with seven or more therapy visits declined in 2020 and 2021. The most significant decline came for episodes with 13+ therapy visits. Although the data shows a decline, the data does not show an elimination of therapy from the home health benefit as some feared.

For example, the decline in episodes with 10, 11 or 12 visits is less than 1%. Changes in therapy utilization were not one of the identified behavioral changes CMS stated it would monitor, but CMS has concluded that “the decline in therapy utilization is indicative of an additional behavior change.” CMS then analyzes how changes in therapy utilization drove case mix change. CMS concludes that the decline in therapy utilization led to a decline in aggregate expenditures under PDGM.

Comparing 2017 data to 2021 data, the rule points out a 16% decrease in visits per episode, which CMS attributes to PDGM. But table B3 shows the following visit breakdown.

Discipline	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Skilled Nursing	4.53	4.49	4.35	4.05
Physical Therapy	3.30	3.33	2.70	2.73
Occupational Therapy	1.02	1.07	0.79	0.77
Speech Therapy	0.21	0.21	0.16	0.15
Home Health Aide	0.72	0.67	0.54	0.47
Social Worker	0.08	0.08	0.06	0.05
Total (all disciplines)	<b>9.86</b>	<b>9.85</b>	<b>8.60</b>	<b>8.22</b>

The primary driver of reduced visits from 2019 – 2020 is Physical Therapy, which CMS notes actually *lowered* costs. Nursing visits saw a greater decrease *not* from 2019 – 2020, but from 2020 – 2021. This decrease wasn't driven by PDGM, it was driven first by the lockdowns and then by the fact that many HHAs simply disappeared, and nurses started getting paid much, much better by hospitals. Looking at this data without considering the impact of the pandemic can lead to inaccurate conclusions about the industry.

### Impact on the Industry

An average inpatient stay in a hospital costs CMS \$15,000, a skilled nursing stay comes in at \$9000, and an average home health episode is under \$5,000 according to *CMS Fast Facts* March 2022. It makes better sense for CMS to support Home Health than to penalize it with reimbursement reduction.

Sincerely,

The Association of Home Care Coding and Compliance



Jan Milliman, HCS-D

Director

Association of Home Care Coding and Compliance