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LEGISLATIVE FREEZE & REGULATORY CUTS TO DECREASE  
HOME HEALTH CARE FUNDING IN CD-7 BY \$3 MILLION;  
COLORADO BY \$65 MILLION!

Congressman Ed Perlmutter  
c/o Alec Garnett

**First, we want to sincerely thank you for signing on to the House letter urging the authorizing committees to not cut payments to home care.**

Second, we want you to know that the National Association for Home Care and Hospice (NAHC) has just finished putting together some impact data on home care as it relates to the recently passed house bill, H.R. 3162.

H.R. 3162 provides a one-year reduction in Medicare home health payment rates through a freeze in the market basket update for FY 2008; it also provides a 5% rural add-on payment for two years.

**The Home Care Association of Colorado is asking Congress to:**

- 1) reject the home health market basket freeze included in H.R. 3162; and**
- 2) urge CMS Acting Administrator Herb Kuhn to eliminate the proposed home health case-mix creep adjustment as part of the final home health prospective payment (HHPPS) regulation.**

**In Rep. Perlmutter's district alone (CO-7), cuts in home care, over five years, would equal \$2,863,440 (\$959,400 from the freeze in the home health market basket inflation update plus \$1,904,040 from the Case Mix Weight adjustment). Statewide, Colorado stands to lose some \$65 Million if these two measures are implemented.**

**By 2010, 56.4% of rural agencies in Colorado will have Medicare margins below zero if these measures are implemented; 20.0% of urban agencies will have negative Medicare margins.**

**We are requesting that Rep. Perlmutter write to the CMS Acting Director Herb Kuhn and urge CMS to eliminate the proposed home health case-mix creep adjustment. The Lewin Group (study attached) found that CMS assertions of case mix creep were unfounded. In fact, the CMS proposed case mix weight adjustment ignores increases in patient acuity, particularly a significant increase in orthopedic and neurologically impaired patients requiring rehabilitative therapy. These changes in patient characteristics are documented by the Lewin Group and directly correlate with changes in case mix weights of patients in home care.**

**We are sending you several attachments including:**

- 1) A fact sheet that describes the issues (legislative and regulatory cuts to home care);
- 2) Dollar Impact for State and congressional district; and
- 3) Percent of home health agencies with negative margins (if the legislative and regulatory cuts are implemented).

**IMPACT DATA – National, State, and District:**

**National:** Nationally, the projected loss from the freeze is \$2.6 billion over five years (2008-2010); \$5.6 billion over the same five-year period for the case mix creep adjustment. H.R.3162 does contain a two year 5% rural add-on (cost to the government for doing this is \$300 million). Obviously, \$300 million is not enough to offset the huge losses that home care will suffer through

the imposition of the freeze (legislative cut) and the case mix weight adjustment (regulatory freeze).

**State:** The projected impact on Colorado if the home health legislative (freeze) and regulatory cuts (case mix weight adjustment) were implemented would be -- Over five years, CO could lose \$64,858,080, (\$21,730,800 from the freeze in the home health market basket inflation update plus \$43,127,280 from the Case Mix Weight adjustment).

**District:** In Rep. Perlmutter's district (CO-7), cuts in home care, over five years, would equal \$2,863,440 (\$959,400 from the freeze in the home health market basket inflation update plus \$1,904,040 from the Case Mix Weight adjustment).

**Percent of Home Health Agencies with Negative Medicare Margins in 2008, 2009 and 2010--**

We have attached NAHC's latest analysis of the percent of home health agencies that will have margins below zero, if the freeze in the House bill (HR 3162) and the CMS case mix weight adjustment or regulatory cut is implemented. The analysis assumes that these measures would be pared with the two-year extension of the 5% rural-add on that is in the House bill. **By 2010, 56.4% of rural agencies in Colorado will have Medicare margins below zero if these measures are implemented; 20.0% of urban agencies will have negative Medicare margins.**

**Please feel free to call us and let us know if you have any questions.**

Sincerely,

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[Impact Data. Percent of HHA with Negative Margins 080907.pdf](#)



[Fact Sheet. OpposeCuts to Medicare HH Services 080907.Aug.rec.pdf](#)



[Colorado ALL.xls](#)



[07 The Lewin Group HHPPS Analysis.pdf](#)