

## Percent of Home Health Care Agencies with Negative Margins in 2008, 2009, and 2010

CMS cost report data was used to determine the percent of agencies in each state (rural and urban) that would experience profit margins of zero or less if the market basket freeze, CMS case mix weight adjustment, and 5% rural add-on payment were implemented effective January 1, 2008.

### Proposed Legislative and Regulatory Cuts to Home Care Market Basket Update

H.R. 3162 'The Children's Health and Medicare Act of 2007' provides a one year reduction in Medicare home health services payment rates through a one year freeze of the market basket update for FY 2008. Over five years, this proposal would reduce outlays for home health by \$2.6 Billion. The legislation also includes a two-year (2008, 2009) 5% add-on payment for rural home health services (\$300 million).

### Case Mix Weight Adjustment

The Centers for Medicare and Medicaid Services (CMS) has proposed a 2.75% across-the-board rate reduction for home health services for each of 2008, 2009, and 2010. This reduction is based on an unfounded allegation that the "case mix weight" that is used to calculate payment rates has increased unrelated to changes in patient characteristics. Over five years, this proposal would reduce outlays for home health by \$5.16 Billion.

## Percent of Home Health Care Agencies with Negative Margins in 2008, 2009, and 2010

State	Region	2008	2009	2010
<b>United States</b>	<b>Overall</b>	<b>35.5%</b>	<b>40.0%</b>	<b>46.4%</b>
AK	Rural	81.8%	81.8%	90.9%
	Urban	66.7%	66.7%	66.7%
AL	Rural	24.0%	26.0%	40.0%
	Urban	26.9%	34.6%	38.5%
AR	Rural	42.0%	46.4%	56.5%
	Urban	40.4%	44.2%	50.0%
AZ	Rural	30.0%	30.0%	50.0%
	Urban	30.0%	32.0%	34.0%
CA	Rural	57.1%	65.7%	74.3%
	Urban	39.7%	44.8%	48.9%

State	Region	2008	2009	2010
CO	Rural	41.0%	43.6%	56.4%
	Urban	15.4%	16.9%	20.0%
CT	Rural	0.0%	0.0%	0.0%
	Urban	27.1%	31.4%	34.3%
DC	Urban	53.3%	53.3%	53.3%
DE	Rural	100.0%	100.0%	100.0%
	Urban	27.3%	27.3%	27.3%
FL	Rural	38.5%	53.8%	59.0%
	Urban	30.9%	33.1%	36.0%
GA	Rural	29.4%	32.4%	52.9%
	Urban	34.1%	36.4%	47.7%
GU	Urban	0.0%	33.3%	66.7%
HI	Rural	50.0%	100.0%	100.0%
	Urban	37.5%	37.5%	37.5%
IA	Rural	38.9%	42.9%	48.4%
	Urban	48.1%	51.9%	51.9%
ID	Rural	65.5%	72.4%	75.9%
	Urban	40.0%	40.0%	40.0%
IL	Rural	39.7%	44.1%	55.9%
	Urban	28.5%	32.0%	37.5%

State	Region	2008	2009	2010
IN	Rural	47.4%	50.0%	57.9%
	Urban	31.0%	33.3%	42.5%
KS	Rural	53.7%	56.1%	64.6%
	Urban	27.3%	33.3%	36.4%
KY	Rural	27.5%	30.4%	39.1%
	Urban	42.4%	45.5%	48.5%
LA	Rural	8.9%	20.0%	42.2%
	Urban	30.0%	32.3%	38.4%
MA	Rural	50.0%	75.0%	75.0%
	Urban	26.3%	30.3%	33.3%
MD	Rural	75.0%	75.0%	75.0%
	Urban	47.4%	50.0%	57.9%
ME	Rural	40.0%	46.7%	73.3%
	Urban	35.7%	35.7%	50.0%
MI	Rural	23.9%	37.0%	54.3%
	Urban	26.2%	29.6%	33.0%
MN	Rural	42.0%	43.2%	53.1%
	Urban	28.6%	32.7%	36.7%

State	Region	2008	2009	2010
MO	Rural	49.3%	56.0%	66.7%
	Urban	41.4%	47.1%	54.3%
MS	Rural	25.0%	37.5%	54.2%
	Urban	52.6%	57.9%	57.9%
MT	Rural	41.7%	50.0%	66.7%
	Urban	14.3%	28.6%	42.9%
NC	Rural	23.9%	26.8%	40.8%
	Urban	25.3%	29.1%	32.9%
ND	Rural	71.4%	71.4%	92.9%
	Urban	20.0%	40.0%	40.0%
NE	Rural	53.7%	56.1%	65.9%
	Urban	52.9%	58.8%	64.7%
NH	Rural	23.1%	30.8%	46.2%
	Urban	11.8%	11.8%	11.8%
NJ	Urban	34.1%	38.6%	38.6%
NM	Rural	59.0%	61.5%	66.7%
	Urban	31.6%	36.8%	42.1%
NV	Rural	50.0%	50.0%	50.0%
	Urban	52.3%	59.1%	61.4%
NY	Rural	53.6%	57.1%	78.6%
	Urban	49.0%	53.0%	58.0%

State	Region	2008	2009	2010
OH	Rural	33.3%	37.3%	48.0%
	Urban	24.9%	28.0%	30.6%
OK	Rural	41.7%	50.0%	66.7%
	Urban	32.5%	43.4%	54.2%
OR	Rural	64.5%	67.7%	71.0%
	Urban	70.0%	70.0%	70.0%
PA	Rural	39.1%	43.5%	56.5%
	Urban	34.2%	37.1%	42.1%
PR	Urban	17.8%	22.2%	24.4%
RI	Urban	5.0%	15.0%	25.0%
SC	Rural	40.0%	46.7%	60.0%
	Urban	18.5%	22.2%	40.7%
SD	Rural	66.7%	66.7%	70.4%
	Urban	28.6%	28.6%	42.9%
TN	Rural	27.5%	31.4%	47.1%
	Urban	35.9%	37.5%	46.9%
TX	Rural	40.5%	50.3%	59.5%
	Urban	34.4%	40.1%	44.8%

<b>State</b>	<b>Region</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
UT	Rural	38.5%	46.2%	46.2%
	Urban	37.8%	37.8%	40.5%
VA	Rural	32.0%	38.0%	52.0%
	Urban	31.1%	35.6%	36.7%
VI	Urban	100.0%	100.0%	100.0%
VT	Rural	40.0%	40.0%	60.0%
	Urban	66.7%	66.7%	100.0%
WA	Rural	44.4%	50.0%	50.0%
	Urban	34.4%	34.4%	34.4%
WI	Rural	59.1%	61.4%	72.7%
	Urban	41.9%	51.2%	58.1%
WV	Rural	58.3%	58.3%	69.4%
	Urban	45.5%	50.0%	54.5%
WY	Rural	57.9%	57.9%	68.4%
	Urban	25.0%	25.0%	25.0%
<b>United States</b>	<b>Overall</b>	<b>35.5%</b>	<b>40.0%</b>	<b>46.4%</b>

