

Congress of the United States
Washington, DC 20515

March 20, 2009

Dear Colleague:

Home health has become an increasingly important part of our health care system. The kinds of highly skilled and often technically complex services that our nation's home health agencies provide have enabled millions of our most frail and vulnerable seniors and disabled citizens to avoid hospitals and nursing homes. By preventing such institutional care, home health services save Medicare millions of dollars each year. Most importantly, they enable individuals to stay just where they want to be – in the comfort and security of their own homes. We therefore urge you to ensure that Medicare beneficiaries continue to have access to important home health care by supporting a full market basket inflation adjustment, as provided under current law, and by opposing cuts in home health payments.

The Administration's FY 2010 budget includes a legislative proposal to cut Medicare home health payments by \$13.16 billion over five years. This would come on top of additional administrative cuts in payment rates of \$7.59 billion promulgated by CMS over the period 2008 through 2011. If these cuts are implemented, an analysis of cost report data by the National Association for Home Care & Hospice reveals that nearly two-thirds of America's home health agencies will have negative margins and large sections of the country will be at risk of losing access to home health services.

The Medicare home health benefit has already taken a larger hit in spending reductions over the past ten years than any other Medicare benefit. In fact, home health as a share of Medicare spending has dropped from 8.7 percent in 1997 to 3.6 percent today, and is projected to decline to 3 percent of Medicare spending by 2016, according to CMS. This downward spiral in home health spending began with provisions in the Balanced Budget Act of 1997 (BBA), which resulted in a 50 percent cut in Medicare home health spending by 2001 – far more than the Congress intended or the Congressional Budget Office (CBO) projected.

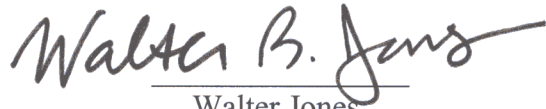
We believe that further reductions in home health payments would be counterproductive to controlling overall health care costs. Home health care has been demonstrated to be a cost-effective alternative to institutional care in both the Medicare and Medicaid programs. In fact, the Medicare Payment Advisory Commission (MedPAC) has noted the results of a 2002 RAND study which showed “in terms of Part A costs, episodes in an inpatient rehabilitation facility or skilled nursing facility are much more costly for Medicare than episodes of care among patients going home.” (MedPAC's June 2005 Report to Congress.) Further reducing Medicare home health expenditures would also be in conflict with the Administration's desire to prioritize health care in the home as a cost-effective alternative to institutional care.

Given the rising cost of travel by clinicians to patients' homes, the use of new technology like telehealth monitors that are not covered by Medicare, and the need to pay significantly higher salaries for nurses, therapists, and home health aides to attract these individuals from the scarce supply of clinicians nationwide, these cuts would place the quality and availability of home health services at risk. To ensure that home health care remains a viable option for Medicare patients, we hope that you will join us in sending the attached letter to the Chair and Ranking Member of the Ways and Means and Energy and Commerce Committees urging them to support a full market basket update, as provided under current law, and oppose further home health payment cuts. Please contact Lisa Salerno in Representative McGovern's office (5-6101) or Cybil Roehrenbeck in Representative Jones' office (5-3415) if you have any questions or would like to sign on.

Sincerely,



James McGovern
Member of Congress



Walter Jones
Member of Congress

Congress of the United States
Washington, DC 20515

Chairman Charlie B. Rangel
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Ranking Member Dave Camp
Committee on Ways and Means
1102A Longworth House Office Building
Washington, D.C. 20515

Chairman Henry Waxman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

Ranking Member Joe Barton
Committee on Energy and Commerce
2322 A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Rangel, Ranking Member Camp, Chairman Waxman and Ranking Member Barton:

Home health has become an increasingly important part of our health care system. The kinds of highly skilled and often technically complex services that our nation's home health agencies provide have enabled millions of our most frail and vulnerable seniors and disabled citizens avoid hospitals and nursing homes. By preventing such institutional care, home health services save Medicare millions of dollars each year. Most importantly, they enable individuals to stay just where they want to be – in the comfort and security of their own homes. We therefore urge you to ensure that Medicare beneficiaries continue to have access to important home health care by supporting a full market basket inflation adjustment, as provided under current law, and opposing cuts in home health payments.

The Administration's FY 2010 budget includes a legislative proposal to cut Medicare home health payments by \$13.16 billion over five years. This would come on top of additional administrative cuts in payment rates of \$7.59 billion promulgated by CMS over the period 2008 through 2011. If these cuts are implemented, nearly two-thirds of America's home health agencies will have negative margins and large sections of the country will be at risk of losing access to home health services.

The Medicare home health benefit has already taken a larger hit in spending reductions over the past ten years than any other Medicare benefit. In fact, home health as a share of Medicare spending has dropped from 8.7 percent in 1997 to 3.6 percent today, and is projected to decline to 3 percent of Medicare spending by 2016. This downward spiral in home health spending began with provisions in the Balanced Budget Act of 1997 (BBA), which resulted in a 50 percent cut in Medicare home health spending by 2001 – far more than the Congress intended or the Congressional Budget Office (CBO) projected.

We believe that further reductions in home health payments would be counterproductive to controlling overall health care costs. Home health care has been demonstrated to be a cost-

effective alternative to institutional care in both the Medicare and Medicaid programs. In fact, the Medicare Payment Advisory Commission (MedPAC) has noted the results of a 2002 RAND study which showed “in terms of Part A costs, episodes in an inpatient rehabilitation facility or skilled nursing facility are much more costly for Medicare than episodes of care among patients going home.” (MedPAC’s June 2005 Report to Congress.) Further reducing Medicare home health expenditures would also be in conflict with the Administration’s desire to prioritize health care in the home as a cost-effective alternative to institutional care.

Reducing Medicare home health payments would place the quality of home health care and the home care delivery system at significant risk. Several factors have contributed to the increased cost of providing care in the home over the past few years, including:

- The cost of travel by clinicians to patients’ homes;
- The use of technology, like telehealth monitors, which is not covered by Medicare;
- The need to pay significantly higher salaries for nurses, therapists, and home health aides to attract these individuals from the scarce supply of clinicians nationwide.

Many home health providers currently do not have a sufficient number of clinical staff to accept patient referrals from physicians and hospitals. As a consequence, hospital discharge planners have reported that they are finding it more difficult to refer patients for home health care. Additional cuts to the home health benefit could leave home health providers no alternative but to reduce the number of visits and/or patient admissions, which would ultimately affect access to care and clinical outcomes.

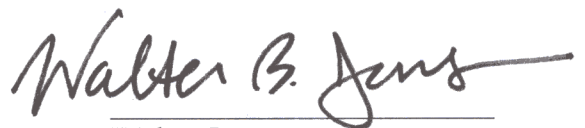
With communication and technological advances over the last ten years, the home health community has pioneered leading-edge models and therapeutics to deliver comprehensive, high quality, patient centered care across the health care delivery system. These models lead to better patient care coordination, medication management, disease and chronic care management, and behavioral and preventative education. The innovative approaches of today’s home health care show great promise in addressing many of the concerns associated with disparities in health care and access in rural communities.

In order to ensure that home health care remains a viable option for Medicare patients, we urge you to support a full market basket inflation update, as provided under current law, and oppose further home health payment cuts. Thank you for your consideration of this important matter.

Sincerely,



Jim McGovern
Member of Congress



Walter Jones
Member of Congress