



Medicare: Today's Issue

February 27, 2004

BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

Home Health Provisions in the new Medicare Modernization Act:

The new Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) **updates current home health provisions** and includes new provisions aimed at improving care and increasing access for beneficiaries.

❖ **Rural Home Health:**

The MMA **increases payments to home health agencies for services provided in rural areas** by 5 percent for one year, beginning April 1, 2004. Standard home health prospective payment amounts are not reduced to offset this increase.

❖ **Updates:**

The MMA changes the home health annual update from a fiscal year basis to a calendar year basis, although for the first year (2004), the first calendar quarter will be frozen at current (FY 2004) rates. The “calendar year” update will become effective April 1, 2004, and is set at market basket minus 0.8 percent for each of calendar years 2004 (last 3 calendar quarters), 2005 and 2006, returning to full market basket in 2007.

❖ **OASIS:**

The MMA temporarily suspends collection of Outcome and Assessment Information Set (OASIS) data for non-Medicare and non-Medicaid patients. It also requires a study and report on the benefits/value and burden of collecting such information for both large and small home health agencies.

❖ **MedPAC Study:**

The MMA requires the Medicare Payment Advisory Commission (MedPAC) to examine payment margins under home health PPS and report to the Congress.

❖ **Coverage of Religious Nonmedical Health Care Institution Services Furnished in the Home:**

The MMA expands the term home health agency (HHA) to include a religious nonmedical health care institution (RNHCI), but only with respect to items and services ordinarily furnished by the institution that are comparable to items and services furnished by HHAs that are not religious nonmedical health care institutions. The MMA limits annual payments to religious nonmedical health care institutions for these items and services to \$700,000. This provision expires December 31, 2006.

❖ **Demonstration Projects:**

Centers for Medicare and Medicaid Services will undertake a number of demonstration projects related to home health:

- ♣ *Consumer-Directed Care Demonstration Project* – An evaluation and demonstration project to test consumer-directed personal care services under the Medicare program for individuals with certain chronic conditions.
- ♣ *Homebound Demonstration Project* – A 2-year demonstration where certain Medicare beneficiaries with severe and permanent disabling conditions are deemed homebound, regardless of their absences from the home for any reason.
- ♣ *Adult Day Services Demonstration* – A 3-year demonstration to test the provision of home health services to home health beneficiaries in an adult day care setting.