

Senate Committee Debates Home Healthcare

Home Health Funding Unlikely in BBB, Watch *Choose Home* Legislation

- **The Senate Special Committee on Aging (Chairman Casey, D-PA) held a hearing on the importance of home-based services.** [HERE](#). Note that this is a “special select” committee and therefore has no jurisdiction over federal programs, but the committee discusses topical issues that impact Medicare/Medicaid. Home-based care continues to be a much-debated topic with several bills in progress.
- ***Better Care, Better Jobs Act (S.2210)* dominated the discussion but is not bipartisan and faces long odds.** The Democratic bill increases state Medicaid funding for home-based care services.
 - \$100 M for states to expand access to Medicaid homecare services and strengthen the home care workforce.
 - States would be eligible for a permanent 10% increase in the federal Medicaid match for delivering home care-based services.
 - Note this is a part of the \$400 B in Homecare funding that Biden asked for at the beginning of his administration.
- **On the Medicare side, the bipartisan *Choose Home Care Act of 2021 (S.2562)* is helpful to HHAs, could pass in a year-end package, but was not debated at the hearing.** This bill creates an enhanced home-based extended care benefit option for patients leaving the hospital and sets the add-on payment for home-based extended care services (this is in addition to the amount paid for home health services). If passed, home health agencies can expect to receive a combination of the home health benefit episodic payment and a 4-level, 30-day fixed episodic payment where providers share financial risk with Medicare.
- **Increased demand for home-based care services is expected to be a new trend.** The growing demand for home-based care services as the US population ages was noted by both Senators and witnesses. A growing mistrust of nursing homes is expected to further accelerate this trend. Workforce shortage continues to be a major barrier to growth despite increased investments in this space.
- **Home health agencies are facing some scrutiny, we note, and we do not expect additional HH funding in 2022.**
 - **High margins (double digit pre-tax Medicare margin).** In the eyes of MedPAC, home health agencies continue to be overpaid (double digit margins) and repeatedly called for rebasing with 5% reductions in 2023 payment. PDGM was not discussed at the Aging hearing.
 - **Labor practices and increased private equity (PE) investments.** MedPAC has noted that a majority of the home health, hospice deals in 2020 - 2021 were from private equity firms. Biden has frequently stated his concern over private equity involvement in healthcare (particularly for nursing homes) and homecare may gain federal attention.
- **NEXT STEPS: *Better Care, Better Jobs Act* passage is unlikely, but *Chose Home* has better odds of passage in 4Q22..** Both the House and Senate version of the bill lack bipartisan support and Republicans are wary of any increases in Medicaid spending. The *Choose Home Care Act* has better prospects, but may move during the lame duck session (4Q2022), as that's the next likely

vehicle. Enhanced Medicare funding typically garners bipartisan support. **BBBA is being revived but is expected to be slimmer, with homecare funding minimal, at best.** We do not anticipate significant funding (\$400 B was initially proposed by President Biden, 2021) for homecare as other priorities take up the bulk of the bill: namely extending ACA subsidies, offset by Drug reforms.