

Eli's Rehab Report

Reimbursement: MedPAC Wants Rebasing Cuts Right Away

Another of MedPAC's recommendations will be to "address high overpayments by lowering rates to equal costs," MedPAC staffer **Evan Christman** noted -- in other words, prospective payment system rebasing. Home health agencies should expect big cuts to Medicare payment rates under such an initiative, since visit utilization per episode has gone down significantly since PPS' inception in 2000.

"The urgency is increasing to do the revision of the PPS," commissioner **Mitra Behroozi**, attorney and executive director of the 1199SEIU Benefit and Pension Funds said. "We keep pouring money down some drain somewhere."

And another recommendation is to revise the PPS case mix system to rely on patient characteristics to set payment for therapy and non-therapy services. In other words, Medicare should no longer use the number of therapy visits as a payment factor.

Impact: Eliminating therapy utilization from the case mix system would create some winners and losers. "This change would generally raise payments for several categories of provider that have lower-than-average margins, such as nonprofit hospital-based and ... rural agencies," Christman explained in the meeting.

Changes the Centers for Medicare & Medicaid Services already has made to therapy reimbursement in the PPS

system "do not obviate the need for the change we recommended last year," Christman told commissioners. "The changes CMS made had the effect of raising payments for non-therapy services and lowering them for therapy. However, the redistribution was likely smaller than what would occur under the commission's recommendation."

Bottom line: "CMS still retained the per visit thresholds, so the PPS still provides a financial incentive for agencies to provide more therapy visits," he said.

MedPAC also will restate its recommendation to expand program integrity efforts to combat fraud and abuse.