

Eli's Hospice Insider

Payment: This Year's RHC Cuts Could Be Just The Beginning

Routine Home Care rebasing is not the reason for cuts.

If you think this year's Routine Home Care rate reductions are painful, just wait.

The **Centers for Medicare & Medicaid Services** makes very clear in the 2020 final rule that the 2.72 percent decrease to RHC rates only goes to pay for the GIP, CHC, and IRC rate increases. RHC payments are way over cost report-generated costs at 18 and 19 percent, CMS claims in the rule (see story, p. 68).

"Reducing the RHC payment rate to a level equal to the estimated RHC costs would require a reduction in the RHC payment rate that exceeds the 2.72 percent," CMS explains. "Therefore, while we are rebasing the per diem payment rates for CHC, GIP, and IRC to more accurately align the payment with costs, the reduction to the RHC payment rates is not considered rebasing as the 2.72 percent reduction does not bring the RHC payment in alignment with the costs of providing this level of care. The purpose of the 2.72 percent reduction to the RHC payment rates is to ensure that the revisions to the payment rates for CHC, GIP and IRC are made in a budget-neutral manner, in accordance with the law."

Don't be surprised to see CMS circle back in future years and ratchet down RHC rates, experts warn. That's particularly true since the influential **Medicare Payment Advisory Commission** is recommending cuts to hospice payment rates.

The increase to advanced care levels this year "sets the stage for CMS to cut away more at Routine Home Care, given that CMS believes it is still materially overcompensated," warns attorney **Brian Daucher** with **Sheppard Mullin** in Costa Mesa, California.

"We saw this coming" when the new hospice cost report containing information by care level took effect, contends **Dave Macke**, director of reimbursement services with **VonLehman & Co.** in Ft. Wright, Kentucky. When there are double-digit margins, "MedPAC jumps all over that," Macke observes.