

## OASIS Alert

### OASIS NEWS ~ MedPAC Predicts Good Times For HHAs

In its Dec. 6th and 7th meeting, the **Medicare Payment Advisory Commission** continued its attack on home health agency profits.

Home health agency quality outcomes continue to improve, said MedPAC's **Evan Christman** in the meeting transcript, except for unplanned hospitalizations and unplanned emergency room use. Meanwhile, "home health agencies have been able to control costs and reduce the number of visits they provide even as volume has increased," he said.

Based on its data for only freestanding providers, MedPAC predicts 2007 profit margins of 16.8 percent and suggests recommending that Congress provide no payment update for HHAs in 2008. The report admits there "is a lot of variation in the margins that providers experience," with agencies at the 25th percentile having a margin of 2.3 percent and agencies at the 75th percentile having a margin of 27.2 percent.

**On the other hand:** While explaining that the MedPAC study includes only freestanding HHAs, "the margin in 2005 for hospital-based home health agencies ... is negative 1.5 percent," MedPAC's **Sharon Cheng** noted.

In addressing access, MedPAC reported that 79 percent of discharge planners said they could place all patients needing home care in a typical month. Although this is down from 89 percent in 2003 it's "still pretty high," Christ-man said.

The number of home health agencies is growing rapidly (1700 new agencies), with 90 percent of new agencies being for-profit, and about 70 percent of new agencies opening in Florida or Texas, Christman reported.

Note: For a transcript of the MedPAC meeting go to [www.medpac.gov/public\\_meetings/transcripts/1207\\_1208\\_medpac.final.pdf](http://www.medpac.gov/public_meetings/transcripts/1207_1208_medpac.final.pdf).

- **Keep an eye out for M0175 recoupment** demand letters, due out Jan. 18. If you want to appeal any of the adjustments, you have only 16 days from the date the intermediary mailed the letter to get your appeal back to the intermediary.
- **The Centers for Medicare & Med-icaid Services will send** a list to regional home health intermediaries of home health agencies that will have a 2 percent reduction in their payments in 2007 because of failure to report OASIS data to CMS. The list will go out shortly, CMS' **Wil Gehne** said in the Dec. 20th Home Health Open Door Forum.
- **In its Semiannual Report to Congress released** Dec. 4, the **HHS Office of Inspector General** touts its "accomplishments" for the second half of fiscal year 2006. The OIG achieved a record \$38.2 billion in Medicare savings and expected recoveries attributable to fraud, waste and abuse, it reports.

HHAs and suppliers of durable medical equipment, prosthetics, orthotics and supplies continue to be targets of efforts to identify fraud, waste and abuse, suggests the report. The report is at <http://oig.hhs.gov/w-new.html>.