

Home Health: Current Issues and Future Challenges

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Institute of Medicine

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**What is the role of
home health today
and what should it
be in the future?**

Medicare Home Health: Some Basics (1 of 2)

- **Home health services are covered under Medicare Parts A and B and are not subject to cost-sharing requirements** (with an exception for DME)
 - Part A covers up to 100 home health visits
 - Part B covers visits, if more than 100

- **To be eligible for Medicare's home health benefit, beneficiaries must:**
 - Generally be homebound (with limited exceptions)
 - Receive services under a plan regularly reviewed by a doctor
 - Need intermittent skilled nursing care; or physical therapy, speech-language pathology, or continued occupational therapy services
 - Meet one of the following conditions:
 - Have a condition that is expected to improve in a reasonable and generally-predictable period of time
 - Need a skilled therapist to safely and effectively make a maintenance program for a condition, or do maintenance therapy for a condition.

Jimmo v. Sebelius: Coverage depends not on the beneficiaries' restoration potential, but on whether skilled care is required, along with the underlying reasonableness and necessity of the services themselves (January 2013).

Home Health Today: Medicare (more)

- **Benefits and Coverage**

- Intermittent Skilled Nursing service
- Physical therapy, occupational therapy, speech language pathology
- Medical social services (*counseling, help finding resources in community*)
- Part-time or intermittent home health aide services (*help with daily living activities*)
- Medical supplies
- Durable medical equipment
- Injectable osteoporosis drugs

- **What is NOT covered:**

- 24-hour continuous care at home
- Meals delivered to the home
- Homemaker services (such as shopping, cleaning, laundry when that is the only care you need and when unrelated to the plan of care)
- Personal care provided by home health aides (like help bathing and dressing) when it is the only care needed

- **To be covered, services must be provided by a Medicare–certified agency**

Home Health Today: Medicaid

- **Eligibility**

- Must be eligible for Medicaid (generally low income)
- Must meet need for institutionalized care (as defined by each state, subject to minimum federal requirements)

- **Benefit overview**

- Home health is a mandatory benefit for Medicaid beneficiaries (in contrast, other home and community services, such as attendant care or personal care, are optional)
- While mandatory, states may impose cost limits (5 states) or service hourly limits (25 states and DC)
- Typically covered under fee-for-service arrangements, although many states are moving toward capitated arrangement
- Services provided upon physician order as part of a written plan of care
- Medicaid home health always secondary to Medicare (for individuals dually eligible for both programs)

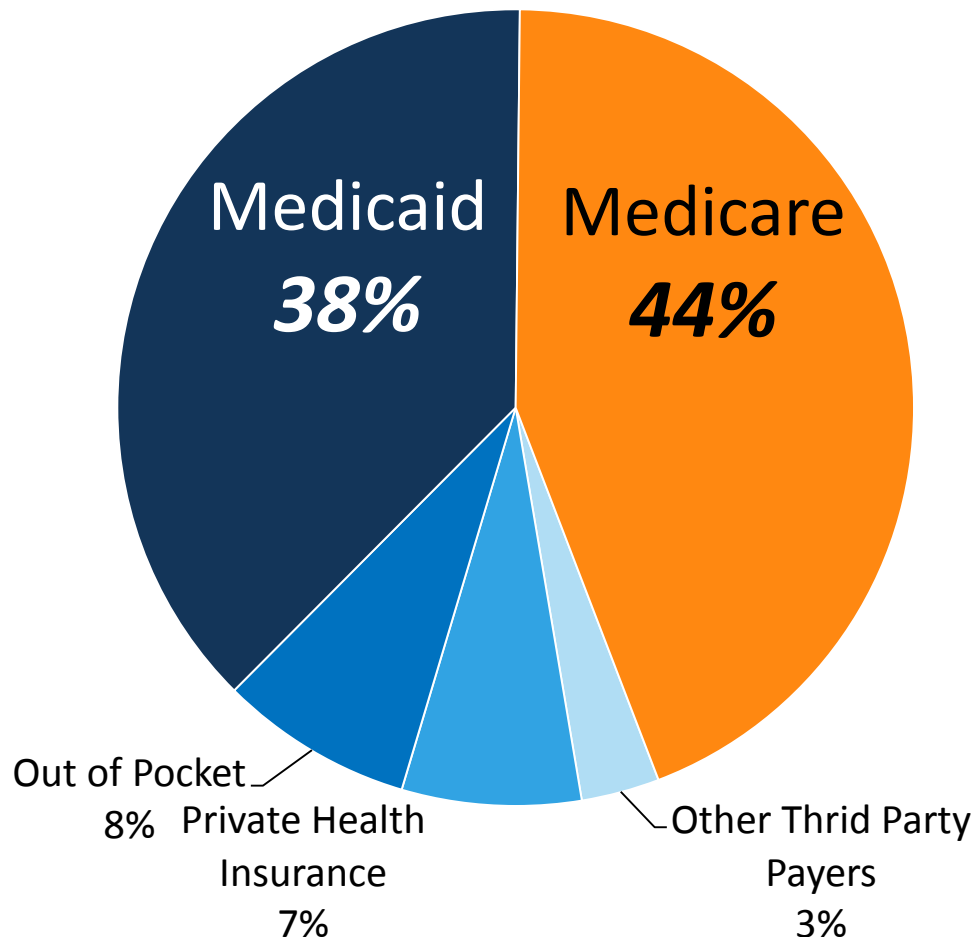
- **Mandatory Benefits**

- **Nursing service** - part-time or intermittent visits by a registered nurse
- **Home health aides** – must be credentialed and employed by a home health agency participating in the Medicaid program
- **Medical equipment, supplies, and appliances** - required by the beneficiary and suitable for use in the home

- **Optional Benefits**

- Physical therapy services; occupational therapy services; and/or speech pathology and audiology services
- Self-directed services (7 states)

In 2012, Medicare accounted for the largest portion of home health expenditures

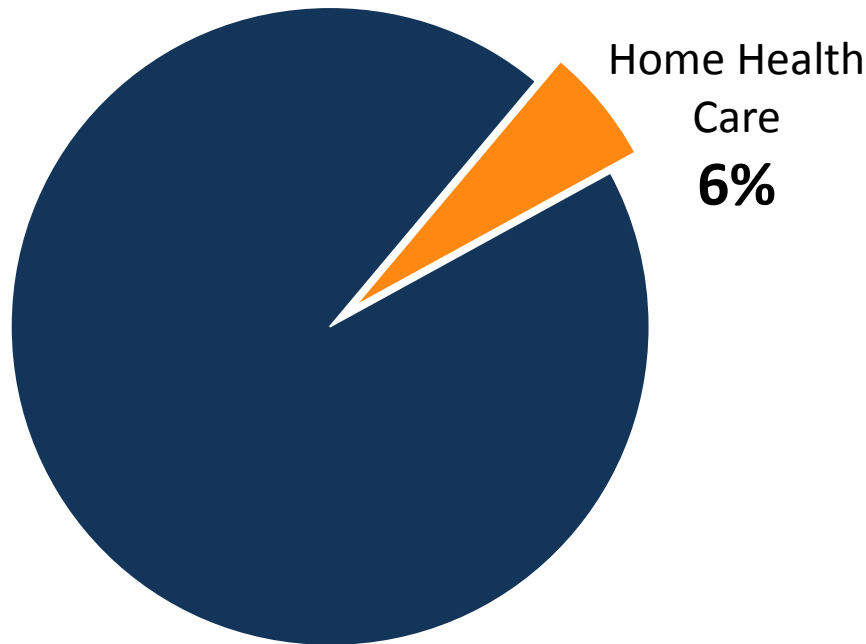


Total Home Health Spending, 2012: \$78 billion

NOTES: NHE estimates of home health spending also include spending on hospice by home health agencies. Medicaid total spending includes both state and federal spending. Home health includes medical care provided in the home by freestanding home health agencies (HHAs). Medical equipment sales or rentals not billed through HHAs and non-medical types of home care (e.g., Meals on Wheels, chore-worker services, friendly visits, or other custodial services) are excluded. SOURCE: Kaiser Family Foundation analysis of National Health Expenditure Data, by Type of Service and Source of Funds CY 1960-2012.

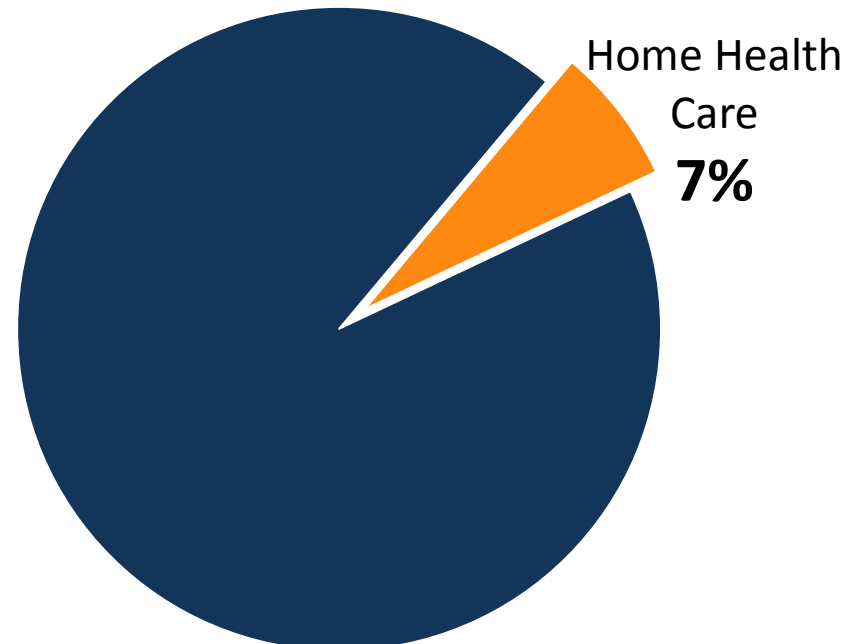
Home health as a percent of Medicare and Medicaid spending

Medicare Spending, 2012



***Total Medicare Spending, 2012:
\$572.5 Billion***

Medicaid Spending, 2012

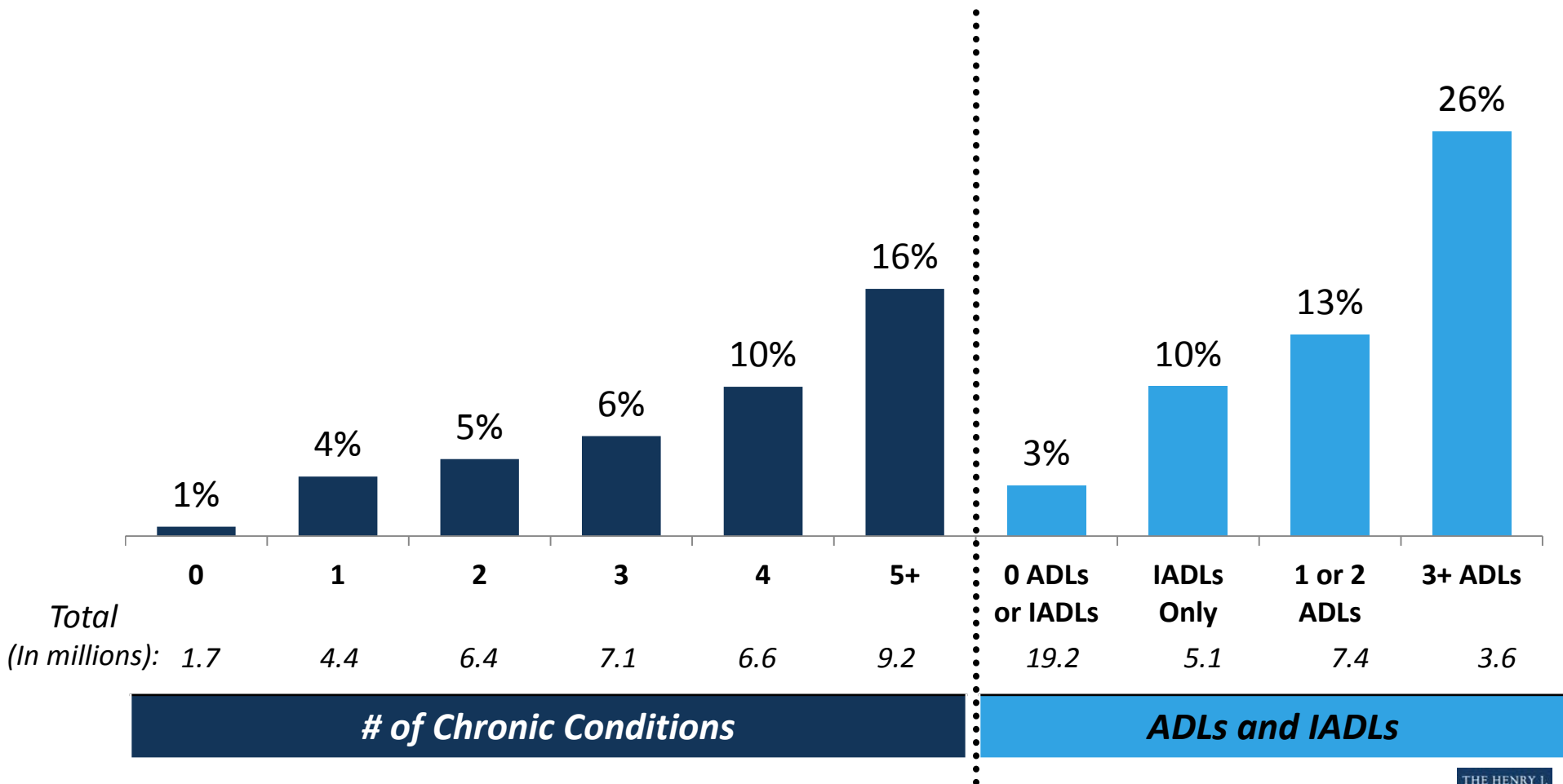


***Total Medicaid Spending, 2012:
\$421.2 Billion***

NOTES: NHE estimates of home health spending also include spending on hospice by home health agencies. Medicaid total spending includes both state and federal spending. Home health includes medical care provided in the home by freestanding home health agencies (HHAs). Medical equipment sales or rentals not billed through HHAs and non-medical types of home care (e.g., Meals on Wheels, chore-worker services, friendly visits, or other custodial services) are excluded. SOURCE: Kaiser Family Foundation analysis of National Health Expenditure Historical Data, by Type of Service and Source of Funds CY 1960-2012.

Medicare home health use rises with the number of chronic conditions and functional impairments

Percent of Beneficiaries Using Home Health, by Characteristic, 2010

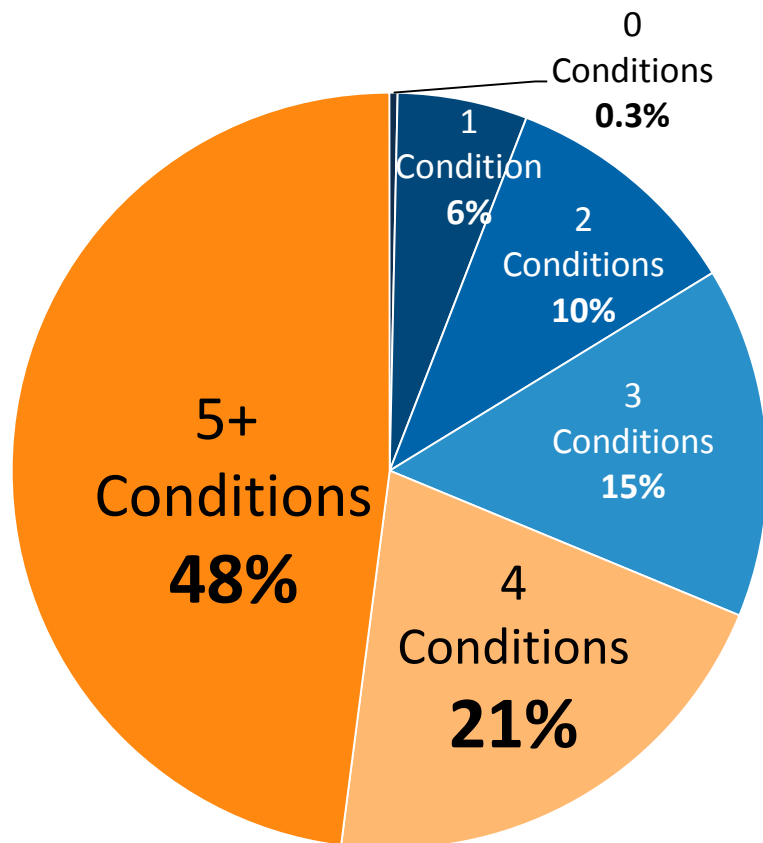


NOTES: Among traditional Medicare community beneficiaries only.

SOURCE: Kaiser Family Foundation analysis of Medicare Current Beneficiary Survey, 2010.

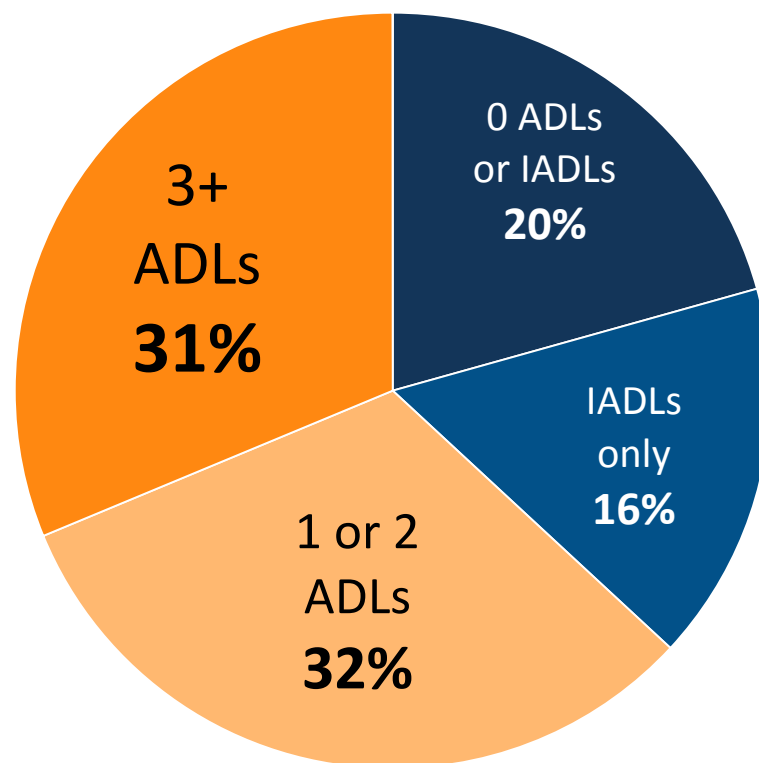
About two thirds of all Medicare home health users have 4+ chronic conditions and/or 1+ functional impairments

Chronic Conditions



Total Medicare Home Health Users, 2010= 3.1 million

Functional Impairments



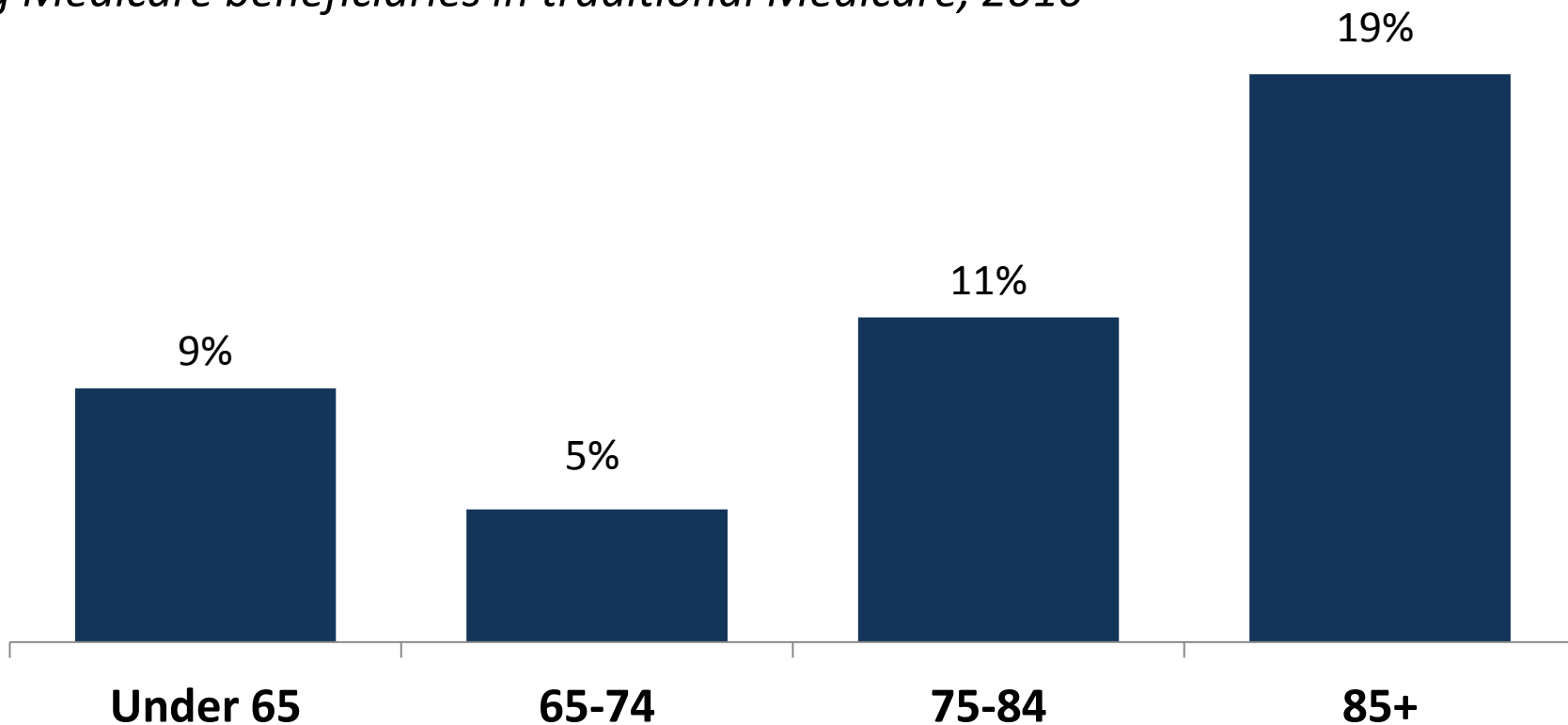
Total Medicare Home Health Users, 2010= 3.1 million

NOTES: Among Community traditional Medicare beneficiaries only.

SOURCE: Kaiser Family Foundation analysis of Medicare Current Beneficiary Survey, 2010.

Medicare home health use increases with age (among adults ages 65+) -- *And an important component of care for younger beneficiaries with disabilities*

Among Medicare beneficiaries in traditional Medicare, 2010



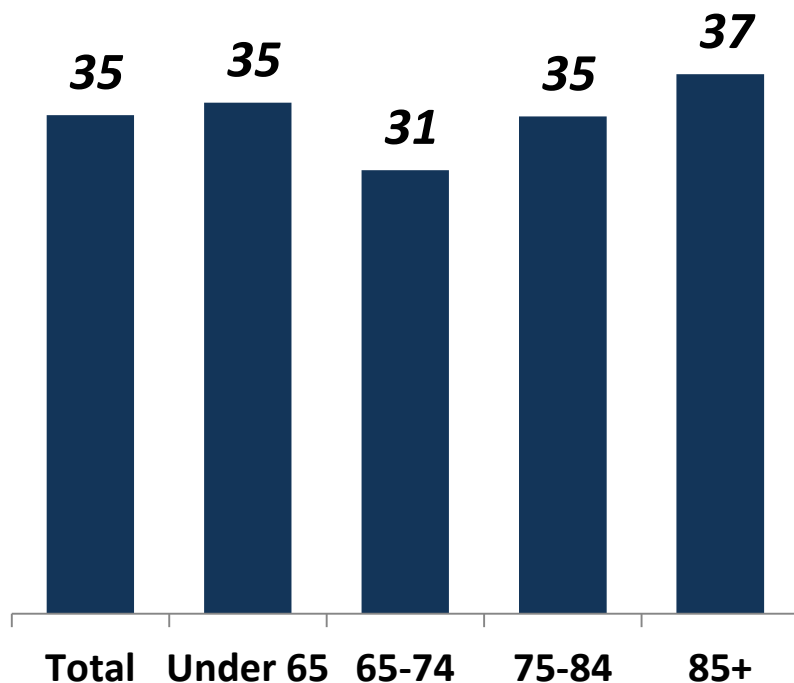
Total <i>(in millions):</i>	6.1	15.8	9.5	4.1
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NOTES: Among Community traditional Medicare beneficiaries only.

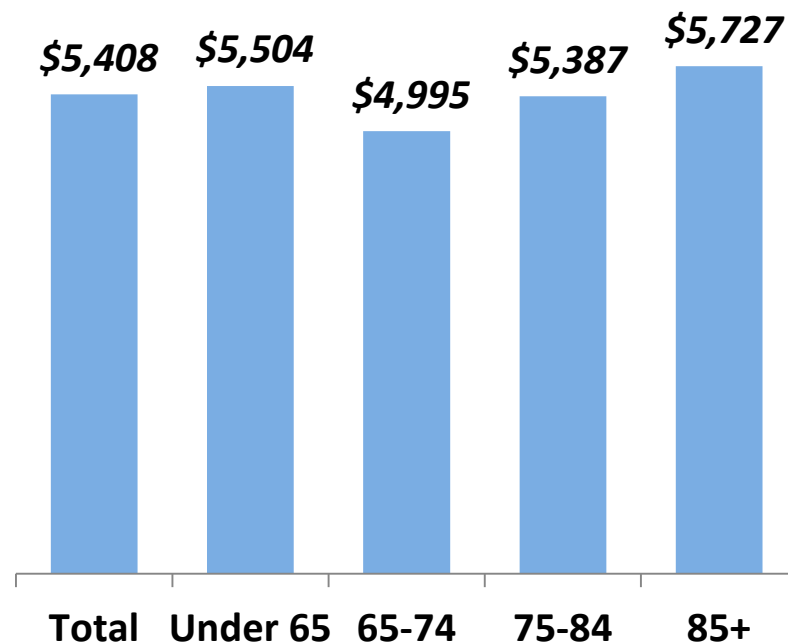
SOURCE: Kaiser Family Foundation analysis of Medicare Current Beneficiary Survey, 2010.

The number of home health visits and average home health spending per user rises with age (among beneficiaries ages 65+)

Average Number of Home Health Visits



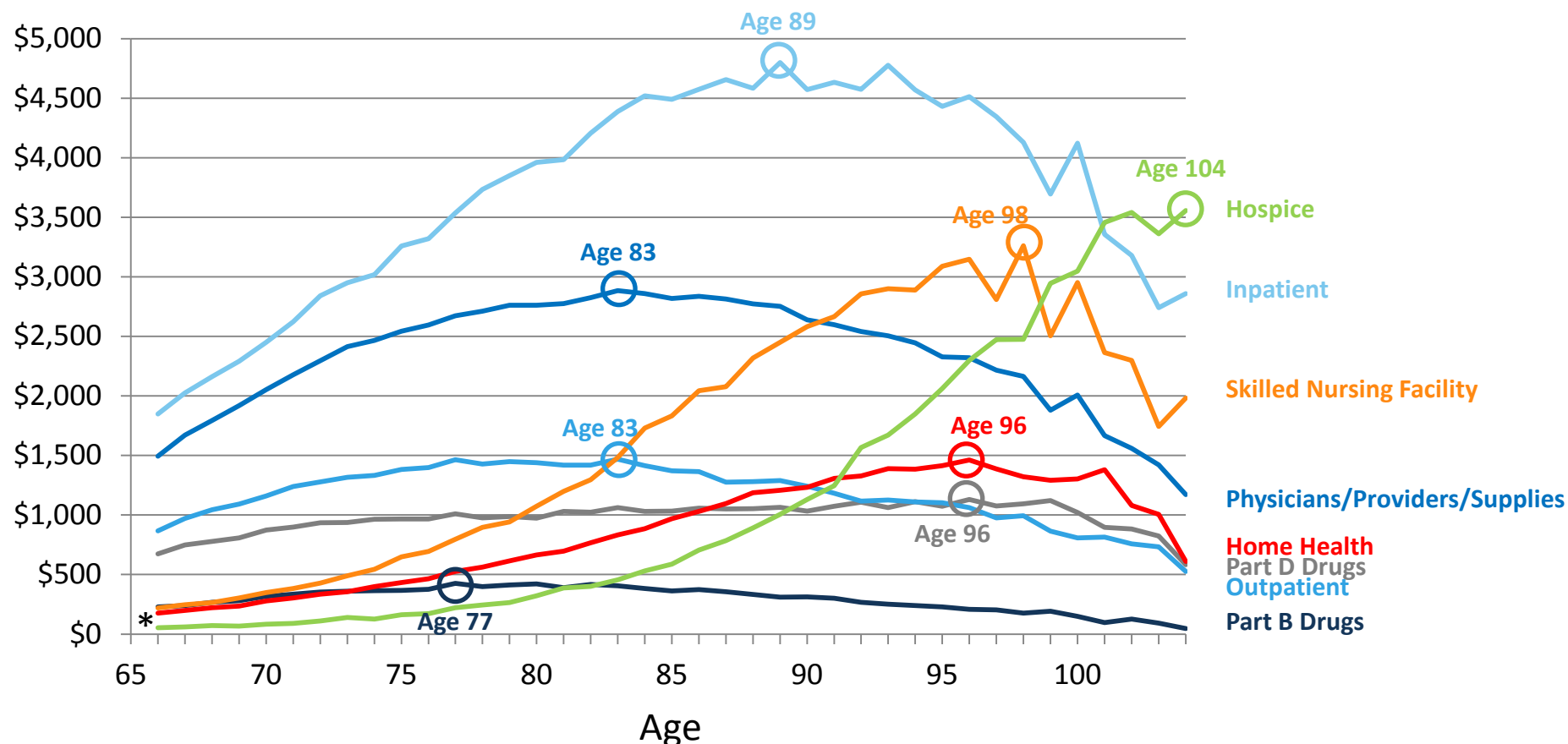
Average Home Health Spending



25 th Percentile	10	9	9	10	11	\$2,171	\$2,050	\$2,062	\$2,191	\$2,355
75 th Percentile	41	42	36	40	45	\$6,988	\$7,293	\$6,293	\$6,925	\$7,498

Medicare per capita home health spending peaks around age 95 – (NOT FOR DISTRIBUTION)

Peaks in Medicare per capita spending by type of service for beneficiaries over age 65, by age, 2011



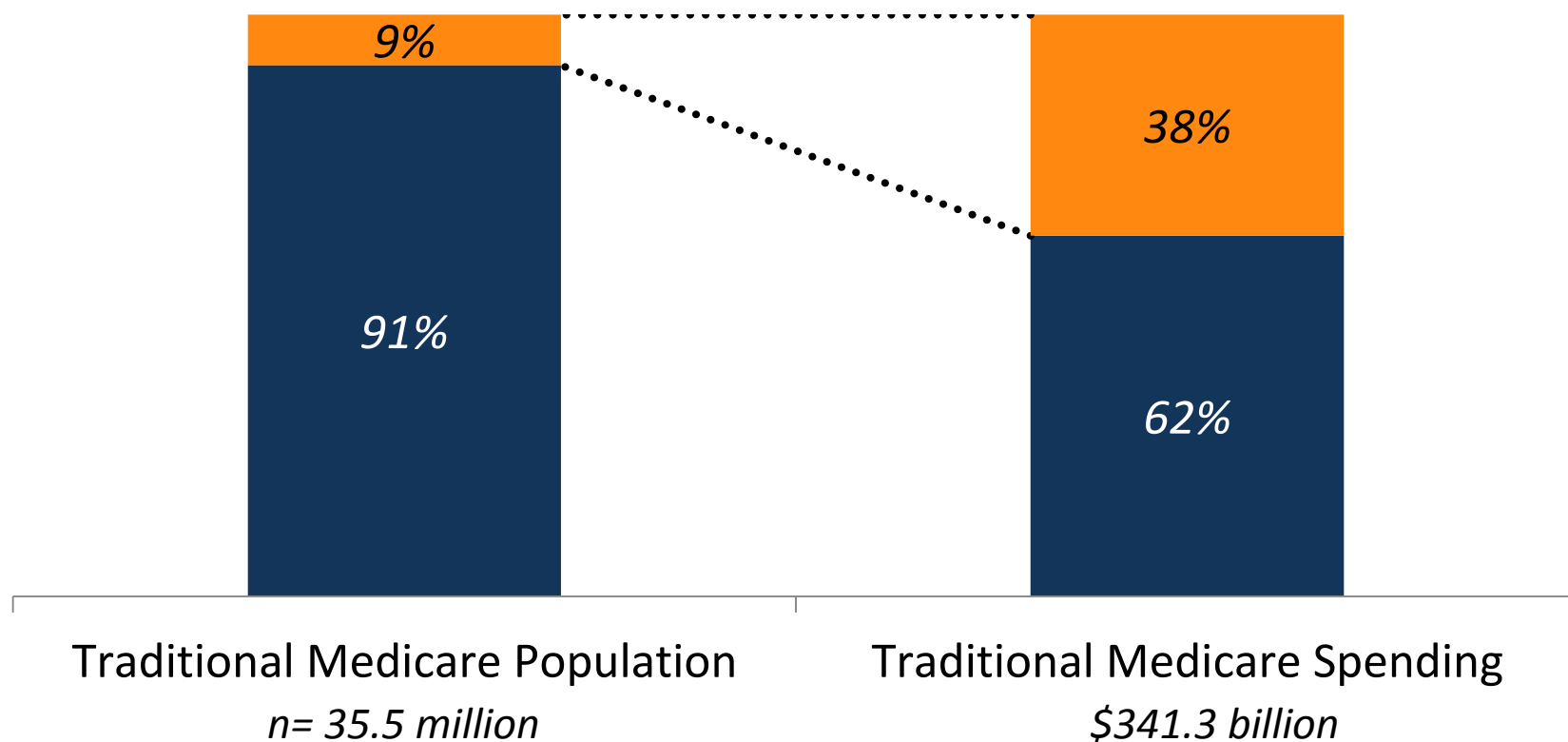
NOTE: Analysis includes beneficiaries in traditional Medicare only (excludes beneficiaries with Medicare Advantage). *The estimate for 65-year olds is excluded because it includes beneficiaries enrolled for less than a full year.

SOURCE: Kaiser Family Foundation analysis of a five percent sample of Medicare claims from the CMS Chronic Condition Data Warehouse, 2011.

Medicare home health users comprise less than 10 percent of the Medicare population, but more than a third of Medicare spending

■ Home Health Users

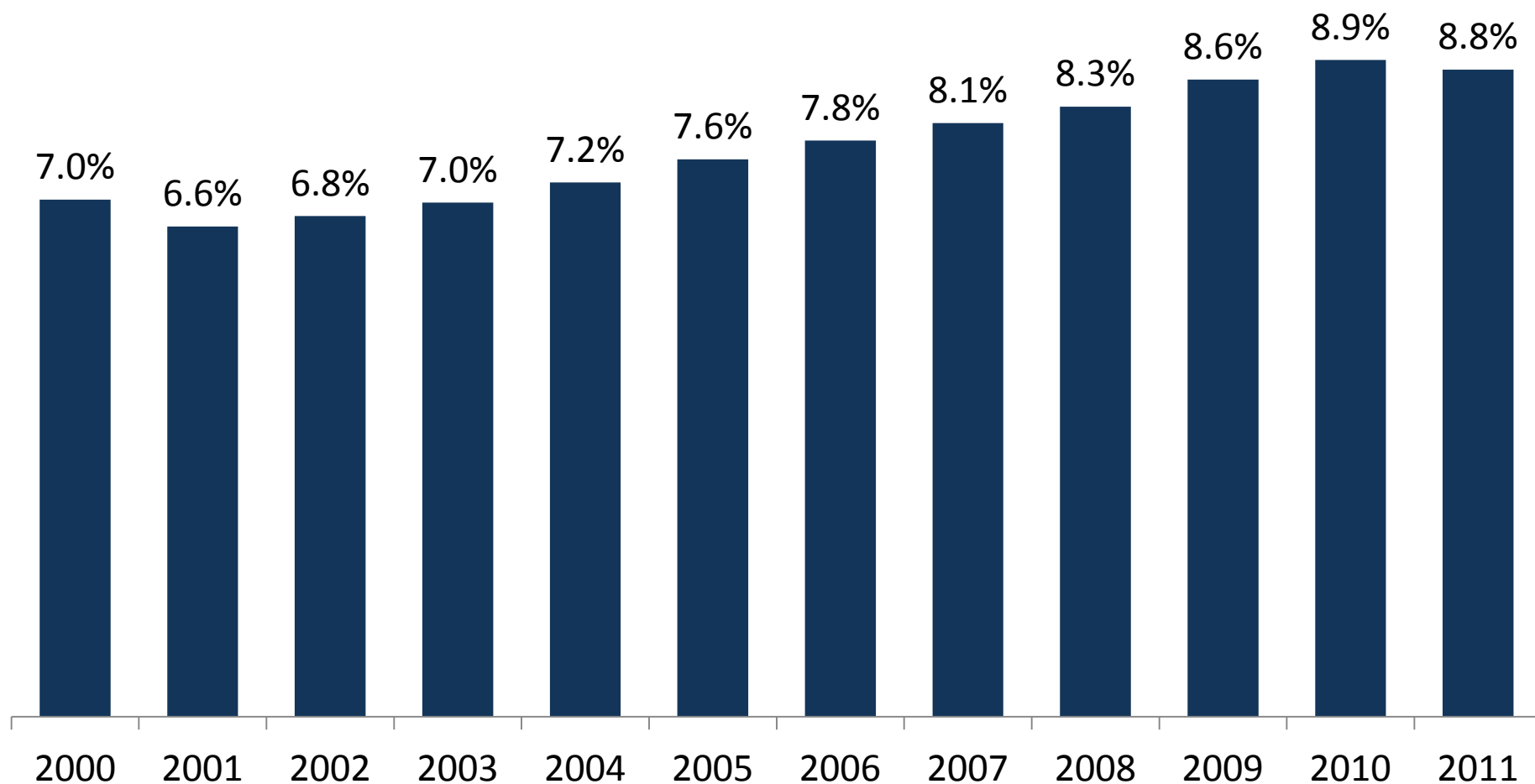
■ Non-Home Health Users



NOTE: Among traditional Medicare community beneficiaries only.

SOURCE: Kaiser Family Foundation analysis of Medicare Current Beneficiary Survey, 2010.

The share of Medicare beneficiaries using home health services has increased since 2000.

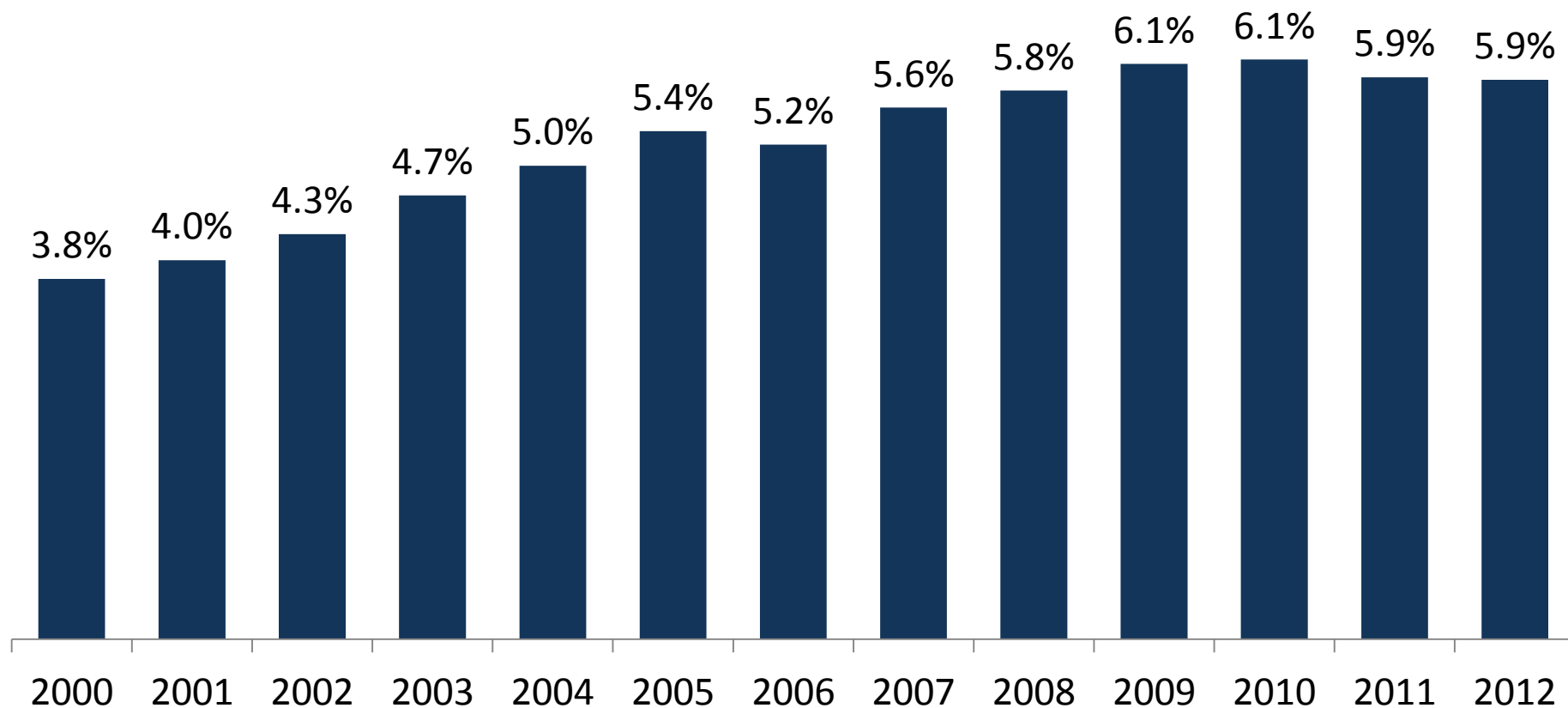


NOTES: Among traditional Medicare beneficiaries only.

SOURCE: Kaiser Family Foundation analysis of Chronic Conditions Warehouse, Institute of Medicine, 2011.

Home health as a share of total Medicare spending has leveled off in recent years

Home Health Spending as a Share of Medicare Spending, 2000-2012



NOTES: NHE estimates of home health spending also include spending on hospice by home health agencies.

SOURCE: Kaiser Family Foundation analysis of National Health Expenditure Historical Data, by Type of Service and Source of Funds CY 1960-2012.

What will be the role of home health care as the delivery system evolves?

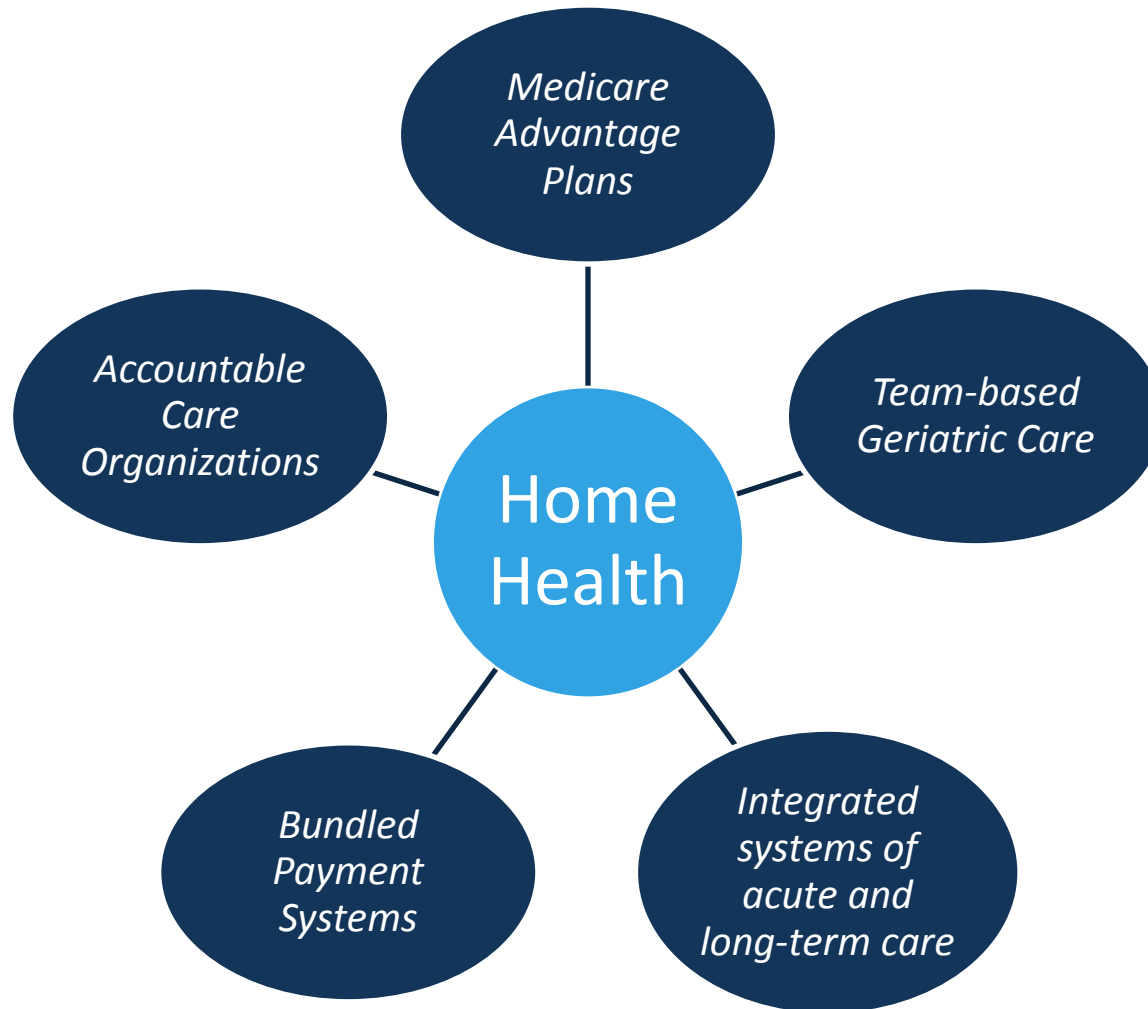
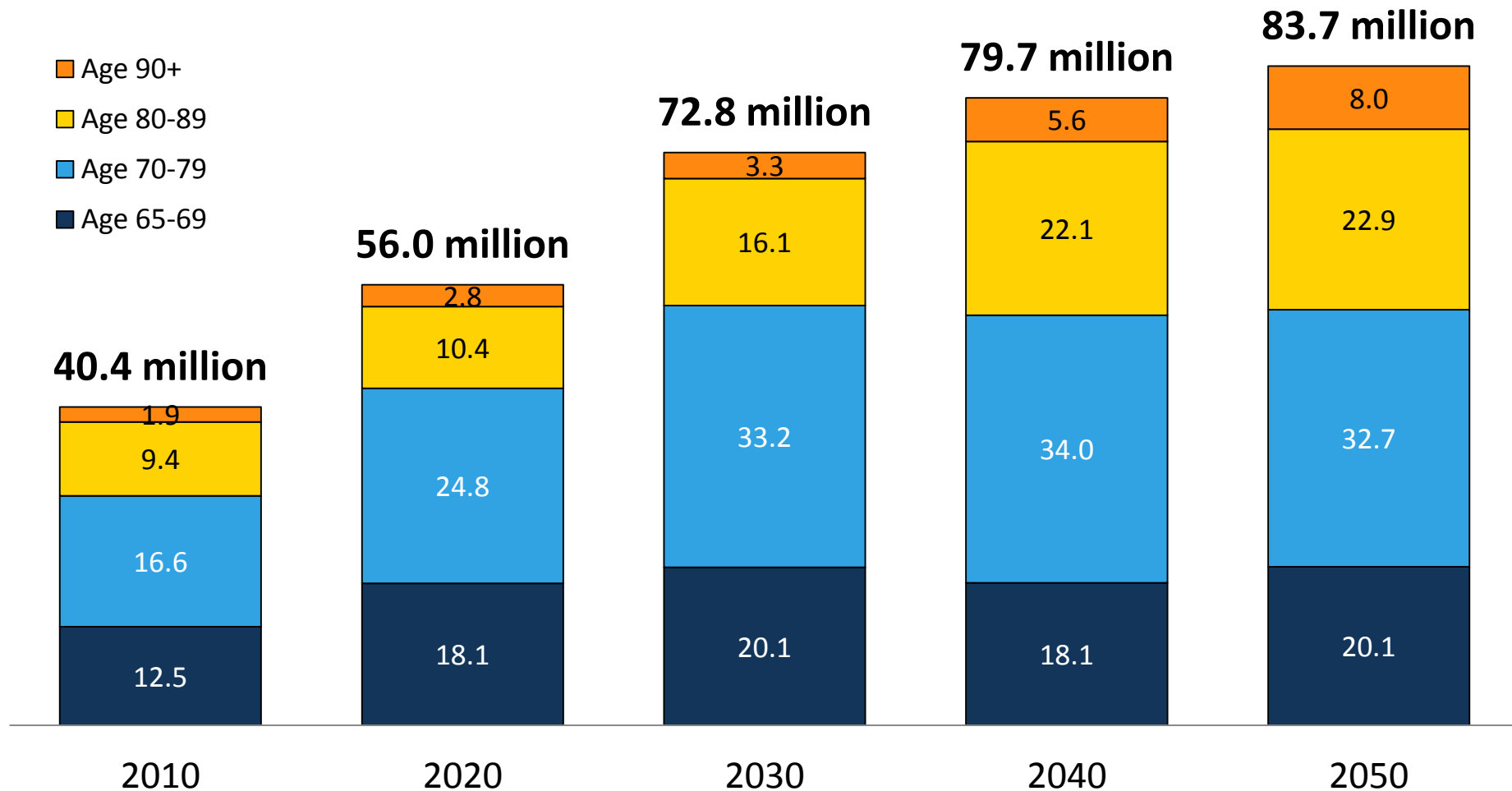


Exhibit 16

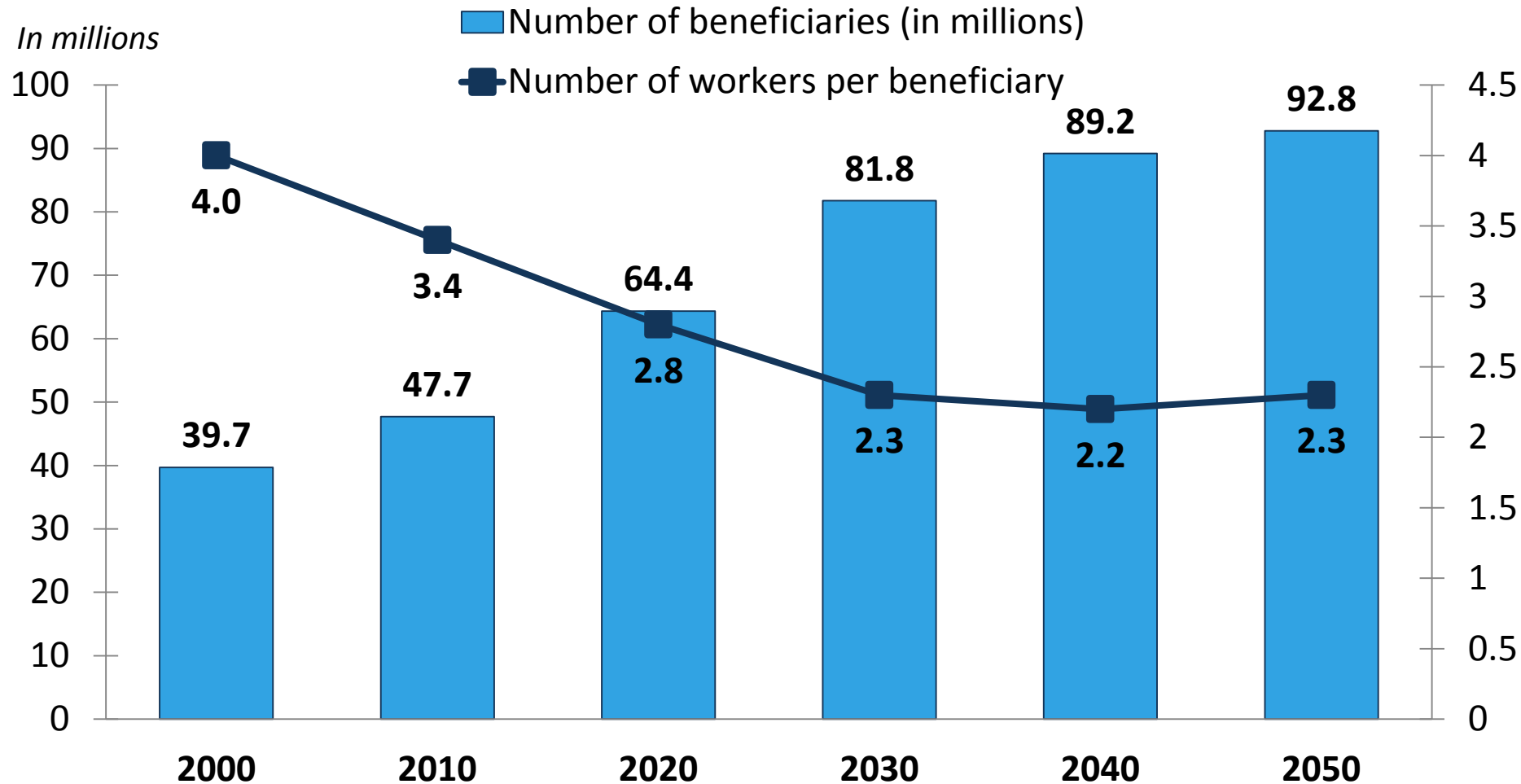
The demand for home health can be expected to increase as the population ages 80 and over nearly triples between 2010 and 2050

U.S. population ages 65 and over, 2010-2050



SOURCE: Kaiser Family Foundation analysis US Census Bureau, Intercensal Estimates of the Resident Population by Sex and Age for the United States and Projections of the Population by Age and Sex for the United States.

With fewer workers per Medicare beneficiary, how will the demand be met?



SOURCE: Kaiser Family Foundation based on the 2014 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Questions for consideration

- How should home health be integrated into new payment and delivery system reforms?
- What should be the role of Medicaid, Medicare, and other payers in meeting the demand for home health in the future?
- Should home health be tracked more as a medical or social service? Do current definitions make sense?
- What more can be done to measure and improve the quality of care provided in the home?
- How will the nation finance efforts to meet the projected demand for home health and other long term services and supports?