

Background: Congress eliminated home health copayments in 1972 as part of a Medicare modernization effort that concluded that such copayments fell disproportionately on the home health users with the highest Medicare expenses and the worst health status. Moreover, they discouraged using home health in lieu of more expensive nursing facility stays. As recently as 2003, Congress rejected a home care co-pay proposal for the same reasons.

Copayments for Medicare home health services have been proposed as a means of deficit reduction as well as a means of limiting the growth of Medicare home health expenditures.

Issue: This year, President Obama released his proposal for the Fiscal Year 2013 Federal Budget with a copayment for home health care as well as payment adjustments for all post-acute providers.

According to the President's proposal, a home health copayment of \$100 per home health episode would be established and would be applicable for episodes with *five or more visits not preceded by a hospital or other inpatient post-acute care stay*. This, the budget narrative continues, would apply to new beneficiaries beginning in 2017. The President's budget notes that this is consistent with a MedPAC recommendation to establish a per episode copayment, although MedPAC had recommended a more severe copayment of \$150 per 60-day Medicare episode.

The Home Care Alliance, NAHC and Home Care Providers are OPPOSED to this proposal for the following reasons:

- Most home health users are age 75 or older and in very poor health. A *Commonwealth Fund* Report recently found that individuals of all incomes with fair or poor health status or age 85 and older spent almost 30 percent of their income already on uncovered medical care, primarily due to Medicare gaps, deductibles and copayments.
- The Medicare Payment Advisory Commission (MedPAC) has cautioned that "A disadvantage of requiring beneficiary cost sharing for post-hospital episodes of home health care is that it could encourage beneficiaries to use higher cost post-acute care settings, such as skilled nursing facilities or inpatient rehabilitation facilities." (nursing home care costs 2.5 times and hospital-based care costs 10.5 Times more per day than a typical home health visit.
- By incentivizing patients to seek care in more costly settings that do not require out-of-pocket payment, a copayment will be counterproductive – Increasing the use of more expensive care.
- Nearly 4-out-of-5 non dual-eligible home health beneficiaries have no secondary Medigap coverage and, consequently, would be personally responsible for the full copayment. *More than half of these beneficiaries have incomes below \$21,780 per year.* In fact, these seniors experience a 25% greater rate of poverty than the typical Medicare beneficiary.

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