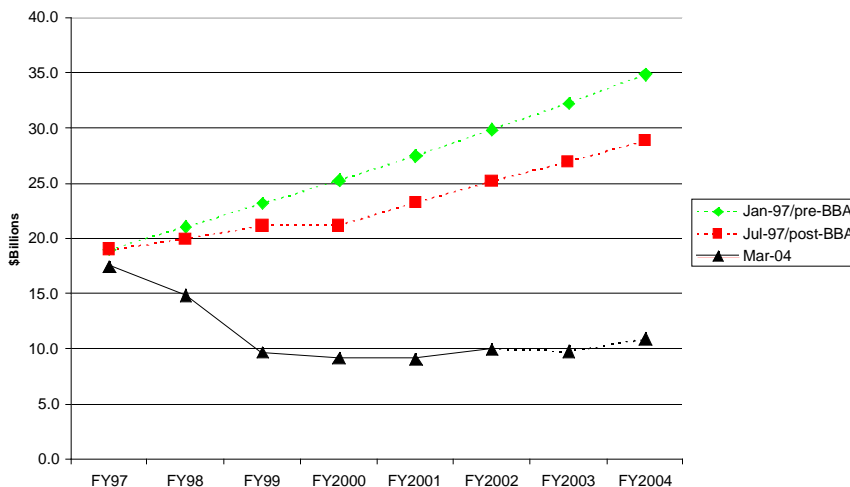




## THE MEDICARE HOME HEALTH BENEFIT: UTILIZATION AND OUTLAYS HAVE DROPPED DRAMATICALLY

**PAYMENTS:** Medicare payments to home health agencies have dropped precipitously since 1997. Despite the intention of reducing outlays to home health services by \$16 billion over five years (FY1998 – 2002), BBA cuts have, to date, exacted more than \$74 billion from the home health program over the same time period.

**Comparison of CBO Home Health Baselines: January 1997(pre-BBA), July 1997(post-BBA), and march 2004 (current)**



**PATIENTS SERVED:** Since 1997, the number of home health patients served dropped dramatically (from 3.5 million in 1997 to 2.2 million in 2001).

<b>MEDICARE HOME HEALTH USERS</b>	
<b>1997</b>	3.5 MILLION
<b>2000</b>	2.5 MILLION
<b>2001</b>	2.2 MILLION

While the number of patients served annually has stabilized over the last two years at about 2.4 million, this is still a far cry from the number previously served, particularly given the ever-growing number of Medicare-eligible citizens. In 2002, a smaller percentage of Medicare beneficiaries received home health than did in 1991 (5.5 percent v. 6.5 percent).

**PATIENT ACCESS TO CARE:** The Medicare Payment Advisory Commission (MedPAC) has found that hospital discharge planners observed hospitals taking special measures to provide rural beneficiaries with home care – to the point of renting hotel rooms or temporarily housing patients in facility-owned apartments.



In its March 2004 report, the Commission found that 25 percent of patients had some problem accessing home health services:

**Problems Accessing Home Health Services**

Did you experience a problem?	2000	2001	2002
No problem	76%	74%	76%
Some problem (big or small)	24	25	25

**Source:** Medicare Payment Advisory Commission, March 2004 Report to the Congress.

MedPAC also has found that beneficiaries with certain diagnoses (patients requiring therapy, wound care, daily care, needing expensive medicines or supplies, and those with mental illness or cognitive impairments) are experiencing problems accessing care.

**AVAILABLE AGENCIES:** During the same period, the number of home health agencies dropped from about 10,500 to as few as 6,700. Currently the number of agencies remains relatively stable, at just around 7,000.

**COST EFFECTIVENESS OF HOME CARE:** Despite reduced utilization of the benefit, Medicare home health care is far more cost effective than other post-acute services:

Post-Acute Care Venue	Typical Base Treatment Cost
Home health agency	\$4,000
Skilled nursing facility	\$8,300
Inpatient rehabilitation facility	\$12,500
Long-term care hospital	\$35,700

(3/2004) For more information contact the National Association for Home Care & Hospice Government Affairs Staff 202/547-7424