



Missouri Alliance for HOME CARE

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The Republican majority in the U.S. House of Representatives released their official Affordable Care Act (ACA) repeal and replace legislation, the American Health Care Act (AHCA) and on first glance it appears to be a mixed bag for home health and hospice.

The new legislation will be marked up by two different committees -- Ways and Means and Energy and Commerce on Wednesday morning. Controversially, the AHCA has not been scored by the Congressional Budget Office (CBO) yet, meaning legislators do not know how many people this measure will cover, how much it will cost, or the impact it will have on the Medicare Hospital Insurance Trust Fund, better known as Medicare Part A. Below we outline, the good, the bad, and the yet-to-be determined pieces of the American Health Care Act.

Of immediate concern to the Home Care and Hospice community is the repeal of a six percent incentive payment for Home and Community Based Services (HCBS) under the Medicaid program. Simply put, this rebalances the ratio of federal to state responsibility for Medicaid HCBS with the federal government picking up an additional 6%. The intent of this bonus was to drive states to encourage rebalancing of care from institutional settings to home and community environments. This incentive was made available under the ACA. Since its enactment eight states have taken advantage; California, Connecticut, Maryland, Montana, New York, Oregon, Texas, and Washington. An additional five states; Alaska, Arkansas, Colorado, Minnesota, and Wisconsin have applied or are considering accepting the bonus payment.

Of benefit to home health agencies (HHAs) is the repeal of the employer mandate to provide health insurance to employees. This will be accomplished by reducing the penalty for non-compliance to zero. The legislative language is written so as to provide retroactive effect from the mandate. The entirety of calendar year 2016 will be exempted from the mandate. The National Association for Home Care and Hospice (NAHC) has long disagreed with the employer mandate as the added expense to HHAs goes uncompensated by Medicare and Medicaid payments. In private pay situations, the added expense can make home care unaffordable in some cases, pushing patients towards Medicaid institutional care settings instead.

As expected, House Republican leadership included a provision to cap the federal share of Medicaid. They seek to achieve this through *Per Capita Caps*. As we've written before, this model provides a predetermined amount of funding allowable to each individual eligible for Medicaid in a given state. The amount will be based on 2016 figures and will be adjusted yearly according to the Consumer Price Index for Medical costs (CPI-Medical). This is expected to result in reduced federal share of Medicaid funding. In turn, states will take on the additional responsibility, and will then be forced to either find alternative revenue sources or limit benefits made available. NAHC is concerned that home care and hospice services as a benefit could be lost in this model. Due to the added flexibility *Per Capita Caps* entail, states may favor or disfavor home care services. Each state would have the freedom to define what is and is not covered under Medicaid, and the parameters around program operations. This would potentially include beneficiary cost-sharing responsibility. Further, states could be handicapped in expanding home care

options, as rates are tied to 2016 funding figures. However, with the caps, states may find a need to be more efficient in their spending. This could lead to support for home care as a more cost effective solution to nursing home care and as a way to transition patients out of inpatient care with reduced risk on re-admission.

Other notable changes include:

- Increased age-rating ratio. Under the ACA, insurance plans could not charge older persons more than 3 times that of a younger person. A 3:1 ratio. The AHCA would increase that to a 5:1 ratio.
- Repeals the individual mandate under the ACA. In place of this, Insurance companies will be allowed to charge an additional 30% to beneficiaries that had a lapse in coverage greater than 63 days. This extra 30% would be allowable for up to one year.
- In place of subsidies, the AHCA will provide refundable tax credits based on age and income to those who do not receive insurance coverage from their employer.
- Under this legislation, Medicaid Expansion will be rolled back by 2020.

This is only an early look at a large piece of legislation that will affect millions of Americans nationwide. NAHC will continue to review, study, and analyze the impact the AHCA could have on the home care and hospice industry. As always we will keep you up to date with notable events and developments related to health care reform.