

Isolated Aberrant Behavior: Review of 2011 Data

Strong evidence indicates that isolated pockets of home health providers are abusing the Medicare program resulting in unnecessary and avoidable program spending. Program integrity opportunities exist in the form of payment safeguards that can help to eliminate fraud and abuse and generate substantial savings to the Medicare program.

To address and remedy the occurrence of Medicare fraud and abuse, the home healthcare community has developed a program integrity reform proposal called the "Skilled Home Healthcare Integrity and Program Savings" (SHHIPS) Act, which would prevent payment of aberrant claims before they are made and strengthen claims review processes and conditions of participation standards.

Analyses of 2011 Medicare claims data underscore that **nearly 90 percent of all aberrant Medicare home health spending is occurring in a handful of counties in just a few states.** For example...

Top 5 States

MedPAC data recognizes that high rates of home health use are concentrated in just a few states. Analyses commissioned by the Partnership validate MedPAC's view. The following are a key set of findings illustrating the isolated nature of this problem:

- The 2010 Standard Analytical File (SAF) shows that **more than half (53 percent) of all home health agencies** are located in just 5 states: California, Texas, Florida, Illinois, and Ohio.
- The 2010 SAF also details that more than **8-out-of-10 (83 percent) net new providers** are located in those 5 states.
- The top 5 states accounted for **nearly half (44 percent) of the nation's Medicare home health spend** in 2010 (\$8.5 billion of \$19.4 billion), according to the 2010 SAF.

Data presented by MedPAC from the SAF also show higher levels of home health episodes per 100 Medicare beneficiaries in the top 5 states:

- All States: 18 home health episodes per 100 beneficiaries
- Top 5 States: 35 home health episodes per 100 beneficiaries
- Other 45 states: 14 home health episodes per 100 beneficiaries

MedPAC has further acknowledged that reducing utilization in the 25 counties with the highest utilization levels to the 75th percentile (18.5 episodes per 100 beneficiaries) would have lowered spending by **\$840 million** or 5 percent in 2011.

Texas

Eighteen of Texas' 254 counties are responsible for more suspected home health fraud and abuse than any single state nationwide:

- 25% of all home health providers in the U.S. are in the state of Texas
- 80% of the Texas home health spending occurs in 18 of the state's 254 counties
- Episodes per beneficiary, on average, in Texas are 50 percent higher than the rest of the country (3.05 vs. 1.98)

Florida

A strong indicator of fraud and abuse is the number of agencies operating in comparison to the number of beneficiaries in that area or region:

- There is **one home health agency for every 552 Medicare beneficiaries** in Miami-Dade County. By contrast, there is one home health agency for every 18,638 Medicare beneficiaries in Atlanta, GA.
- Miami-Dade County cost the Medicare home health benefit **4 times more than the rest of Florida combined.**
- **If Miami-Dade County were a state, it would be 6th highest-cost state** for Medicare home health.
- 65 new provider numbers were established in Miami-Dade alone in 2010, which exceeds the number of providers in existence in the entire state of New Jersey.
- **More than 90%** of the 65 new providers already exceed the payment safeguard limits proposed in SHHIPS.
- Providers in Miami-Dade spent, on average, **\$3,327 per enrollee**, while the rest of the U.S., on average, spends \$498.

Vintage Year Analysis: Risks Associated with Issuing New Providers

"Yearlings" – Providers issued in 2011 reflect a strong propensity to pierce the payment safeguards:

- Miami-Dade 25% pierced both and 95% pierced one or the other
- Texas 32% pierced both and 78% pierced one or the other

"Two Year Olds" – Providers issued in 2010 reflect a stronger propensity to pierce the payment safeguards:

- Miami-Dade 49% pierced both and 95% pierced one or the other
- Texas 59% pierced both and 89% pierced one or the other

"Three Year Olds" – Providers issued in 2009 reflect the strongest propensity to pierce the payment safeguards:

- Miami-Dade 55% pierced both and 95% pierced one or the other
- Texas 67% pierced both and 90% pierced one or the other

Stemming Aberrant Behavior: Payment 'Guardrails'

In 2009, the home health community proposed that a 10 percent cap be placed on Medicare outlier claims to stem what was considered an example of unchecked fraud and abuse. Adopted by the Centers for Medicare and Medicaid Services (CMS) and included in the Affordable Care Act (ACA), **this single reform achieved a 70 percent reduction in outlier costs** – from \$1.2 billion in 2009 to \$350 million – in 2010 and is on track to generate a total of **\$11 billion** in taxpayer savings over the next decade.