

PART IV

Reimbursement Considerations for Digital Home Health

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INTRODUCTION

Health care reimbursement is complex. At its core, reimbursement requires defining both the unit that is the basis of payment and the amount. However, health care reimbursement layers on top of this adjustments for varied factors, such as the setting of care, differences in local labor costs, severity of the patient population, the degree of technology involved, and myriad others. Further, in the USA, payers are fragmented, with each defining their own approach to these decisions. The COVID-19 pandemic ushered in a new era in which digitally enabled home-based care is a mainstream modality. However, the approach to reimbursement for this care remains a work-in-progress, with significant unanswered questions that will determine whether this modality expands or disappears if it is determined to be financially unsustainable.

It is important to acknowledge that reimbursement is only a challenge because of the continued reliance on a fee-for-service approach. Under a fully capitated approach, the risk-bearing entity would deploy the mix of care modalities most optimally suited to care for their population within the per member per year fee they receive. Indeed, a key opportunity for ongoing work is to understand the relationships between the payment model and level of use of digitally enabled home-based care. However, under today's system that uses a mix of payment models, whether and how digitally enabled home-based care is reimbursed is an open question and one that will shape future offerings.

Zawada and colleagues describe their efforts at Mayo Clinic to build (and then expand under pandemic-relaxed regulations) a home hospital program that allows