

Small Entity Compliance Guide

Medicare Program: Home Health Prospective Payment System Refinement and Rate Update for Calendar Year 2008

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The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, P.L. 104-121, as amended by P.L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this final rule with comment period can be found on the CMS Quarter Provider Update site at
<http://www.cms.hhs.gov/QuarterlyProviderUpdates/downloads/Regs-3Q07QPU.pdf>.

This final rule with comment period sets forth an update to the 60-day national episode rates and the national per-visit amounts under the Medicare prospective payment system for home health services, effective on January 1, 2008. As part of this final rule with comment period, we are also rebasing and revising the home health market basket to ensure it continues to adequately reflect the price changes of efficiently providing home health services. This final rule with comment period also sets forth the refinements to the payment system. In addition, this final rule with comment period establishes new quality of care data collection requirements.

The great majority of the home health agencies that participate in Medicare are small entities, either because their revenues fall below the Small Business Administration’s size standards for small businesses (we estimate about 75 percent of HHAs are below this revenue threshold), or because they are nonprofit, or both. Accordingly, our analysis under the Regulatory Flexibility Act assumes that all HHAs are small entities.

The effects of this final rule vary considerably by whether the HHA is free-standing or facility-based, by ownership, and by location. Overall, we estimate that payments to HHAs will increase slightly, by about .2 percent on average in 2008. However, because effects vary from HHA to HHA, this rule may have a significant and positive impact on a substantial number of small entities. For example, free-standing non-profit or voluntary agencies will receive increased payments of 3.47 percent on average.

This rule imposes no direct Federal compliance requirements on HHAs. In order to assist HHAs in understanding and adapting to changes in Medicare billing and payment procedures, we have developed a Web page for home health services that includes

substantial downloadable explanatory materials at
<http://www.cms.hhs.gov/center/hha.asp>.