



Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2022

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Provider Types Affected

This MLN Matters Article is for Home Health Agencies (HHAs) billing Medicare Administrative Contractors (MACs) for Home Health services they provide to Medicare patients.

Provider Action Needed

In this Article, you'll learn about updates to the:

- CY 2022 30-day period payment rates
- National per-visit amounts
- Cost-per-unit payment amounts used for calculating outlier payments under the HH PPS

Make sure your billing staff knows about these changes.

Background

The Medicare HH PPS updates the rates it pays to HHAs for providing HH services annually as [Section 1895\(b\)\(3\)\(B\)](#) of the Social Security Act (the Act) requires. The CY 2022 HH PPS rate update includes changes to the 30-day period payment rates, the national per-visit amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. This rate update increases the CY 2022 30-day period payment rates by the proper rural add-on percentage prior to applying any case-mix and wage index adjustments.

Market Basket Update

Based on IHS (Information Handling Services) Global Insight Inc.'s 3rd-quarter 2021 forecast (with historical data through 2nd-quarter 2021), the HH market basket percentage increase for CY 2022 is 3.1%, based on [Section 1895\(b\)\(3\)\(B\)\(iii\)](#) of the Act. We reduce that 3.1% increase by a productivity adjustment, as mandated by [Section 3401 of the Affordable Care Act](#). We estimate this reduction 0.5% for CY 2022. This means that the HH payment update percentage for CY 2022 is a 2.6% increase.

[Section 1895\(b\)\(3\)\(B\)\(v\)](#) of the Act also requires the HH update to be decreased by 2 percentage points for those HHAs that don't submit quality data. Thus, the payment update for these HHAs is 0.6%.

National Standardized 30-Day Period Payment

CMS applies a wage index budget neutrality factor of 1.0019 and a case-mix budget neutrality factor of 1.0396 to the previous CY's national standardized 30-day period rate to calculate the CY 2022 national standardized 30-day period payment rate. The CY 2022 national standardized 30-day period payment rate beginning January 2022 is a 2.6% increase. [Tables 1 and 2 of CR 12509](#) show the 2022 rates.

National Per-Visit Rates

To calculate the CY 2022 national per-visit rates, we start with the CY 2021 rate, then apply a wage index budget neutrality factor of 1.0019 to make sure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2022 wage index. We then update the per-visit rates by the relevant CY 2022 HH payment update (2.6% or 0.6%, depending on if the HHA submits required quality data). [Tables 3 and 4 of CR 12509](#) show these rates.

Non-Routine Supply Payments (NRS)

NRS payment is part of the national standardized 30-day period rate. Durable Medical Equipment (DME) you provide as an HH service as defined by [Section 1861\(m\)](#) of the Act is paid the fee schedule amount and isn't included in the national standardized 30-day period payment amount.

Rural Add-On Provision

In the CY 2019 HH PPS final rule with comment period ([83 FR 56443](#)), we finalized policies for rural add-on payments for CY 2019-2022. The CY 2019 HH PPS proposed rule ([83 FR 32373](#)) described rural add-on payment provisions, which is the methodology for applying the new payments, and showed how we categorized rural counties (or equivalent areas) based on:

- Claims data
- The Medicare Beneficiary Summary File
- Census data

The HH PRICER module, part of Medicare's claims processing system, will increase the CY 2022 30-day base payment rates by the proper rural add-on percentage prior to applying any case-mix and wage index adjustments. [Table 5 of CR 12509](#) shows this information.

Outlier Payments

The Fixed Dollar Loss (FDL) ratio and the loss-sharing ratio used to calculate outlier payments

must be selected so that the estimated total outlier payments don't exceed the 2.5% aggregate level, based on requirements found in [Section 1895\(b\)\(5\)\(A\)](#) of the Act. Historically, we've used a value of 0.80 for the loss-sharing ratio. With a loss-sharing ratio of 0.80, Medicare pays 80% of the additional estimated costs above the outlier threshold amount. The CY 2022 FDL ratio is 0.40, which makes sure the total outlier payments don't exceed 2.5% of the total payments estimated under the HH PPS.

In the CY 2019 HH PPS final rule with comment period ([83 FR 56521](#)), we finalized a policy to maintain the current methodology for payment of high-cost outliers upon implementation of the Patient-Driven Groupings Model (PDGM), beginning in CY 2020. We'll calculate payment for high-cost outliers based upon 30-day periods of care. [Table 6 of CR 12509](#) shows the per-visit rates.

More Information

We issued [CR 12509](#) to your MAC as the official instruction for this change.

Read MLN Matters Article [MM12957](#) for current information on the rural add-on.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
January 9, 2023	We revised the Article to add a link to MM12957 for current information on the rural add-on. All other information is the same.
November 18, 2021	Initial article released.

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