

U.S. House and Senate Notification
Friday, October 30, 2009

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Subject: CMS Announces Policy and Payment Rate Changes for Home Health Services in CY 2010

Today, the Centers for Medicare & Medicaid Services (CMS) announced a 2.0 percent market basket update to the calendar year (CY) 2010 home health prospective payment system (HH PPS) rates, modifications to the home health outlier policy, and new payment and enrollment safeguards. These improvements are part of CMS' continued efforts to address appropriate payments and areas of fraud and abuse and to strengthen beneficiary protection in the Medicare home health program.

In this final rule, CMS is maintaining its current policy of a 2.75 percent reduction to national standardized 60-day episode payment rates and non-medical supply factors in CY 2010 to offset the increase in the home health case-mix that is not associated with any underlying change in the actual clinical condition of home health patients. This CY 2010 reduction is the third year of a four-year phase-in of HH PPS rate adjustments, which was made final in the HH PPS Refinement and Rate Update for the CY 2008 final rule.

Effective January 1, 2010, CMS will cap home health outlier payments for 60-day episodes of care which carry unusually high costs, at a maximum of 10 percent per agency and target the total aggregate outlier payments at 2.5 percent of total HH PPS payments. The current (2009) target for aggregate outlier payments is 5 percent of total HH PPS payments. By lowering the total outlier payment target to 2.5 percent, this final rule increases home health base rates by 2.5 percent.

Today's final rule also takes action to reduce Medicare's vulnerability to fraud, abuse and improper payments through the implementation of new payment and enrollment safeguards designed to improve the enrollment process and quality of care that Medicare beneficiaries receive. Home health agencies (HHAs) currently submit Outcome and Assessment Information Set (OASIS) data as a condition for participation under HH PPS. Beginning January 1, 2010, the final rule will require HHAs to submit OASIS data as a condition of payment.

In addition, CMS is implementing an improved version of OASIS, called OASIS-C, to collect data on all episodes of care beginning on or after January 1, 2010. This data documents important aspects of the patient's health status including clinical condition, functional ability and service needs to assist a clinician in capturing a clear and accurate picture of their patient and developing the appropriate plan of care.

HHAs that submit required quality data will receive payments based on the full home health market basket update of 2.0 percent for CY 2010. The home health market basket percentage will be reduced by 2 percentage points to 0.0 percent for CY 2010 for those HHAs that do not submit the quality data.

The CMS Press Release for this final rule issued today is located at:

http://www.cms.hhs.gov/apps/media/press_releases.asp

If you have any questions about this final rule, please contact the CMS Office of Legislation.