



Related MLN Matters Article #: MM4282

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Related CR #: 4282

*Temporary Five-Percent Payment Increase for Home Health Services Furnished in a Rural Area for One Year Under the Home Health Prospective Payment System (HH PPS), and Change of the HH PPS CY2006 Update to that of a Zero Percent Update*

### Key Words

MM4282, CR4282, R2110TN, Rural, Home, Deficit, HH, PPS, CY 2006, Episodes, 5101

### Provider Types Affected

Home health agencies (HHAs) who submit claims to Medicare Regional Home Health Intermediaries (RHHIs) for home health services, including services in rural areas, provided to Medicare beneficiaries

### Key Points

- The effective date of the instruction is January 1, 2006.
- The implementation date is February 13, 2006.
- MM4282 is based on Change Request (CR) 4282, which focuses on the recently passed Deficit Reduction Act of 2005 (DRA), Section 5201. The DRA of 2005 provides for changes to the Medicare HH PPS payment rates for 2006.
- Congress has enacted a **zero-percent update** (instead of a 2.8 percent update) to the HH PPS payment rates for services paid under the HH PPS for CY 2006.
- HH PPS rates for CY 2006 are frozen at the CY 2005 rate for episodes with claim statement "Through" dates on or after January 1, 2006, and on or before December 31, 2006.
- For home health episodes beginning on or after January 1, 2006, the DRA provides for a **five-percent payment increase** for one year for services furnished in a rural area.
- This rural add-on to the HH PPS payment rates is for episodes with claim statement "From" dates on or after January 1, 2006, and on or before December 31, 2006.
  - Episodes that qualify for the five-percent rural add-on will be those with core-based statistical area (CBSA) codes that begin with "999."
  - The Centers for Medicare & Medicaid Services (CMS) may hold HH PPS claims with "Through" dates on or after January 1, 2006, for a brief period to allow for testing of the new HH PPS Pricer.

- Claims paid under the previous Pricer with "Through" dates on or after January 1, 2006, will be reprocessed through the new Pricer in order to correct those payments. The reprocessing of those claims will be completed by July 1, 2006.
- All other provisions of the HH PPS final rule published on November 9, 2005, are still valid.
- CMS is still implementing the new area labor market designations, allowing for a one-year transition period during which a blend of 50 percent of the new area labor market designations' wage index and 50 percent of the previous area labor market designations' wage index will be implemented.
- CMS is still revising the fixed dollar loss ratio, which is used in the calculation of outlier payments, from 0.70 in CY 2005 to 0.65 for CY 2006.
- Section 5101 of the DRA freezes rates for CY 2006 at the CY 2005 rate.
- The final prospective payment amount per 60-day episode for CY 2006 (episodes ending on or after January 1, 2006, and before January 1, 2007) is \$2,264.28.
- The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, is subsequently applied to this amount.
- For a beneficiary whose site of service is a rural (non-CBSA) area, the final prospective payment amount for episodes beginning on or after January 1, 2006, and before January 1, 2007, is \$2,377.49.
- The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, is subsequently applied to this amount.
- The national standardized per-visit amounts for CY 2006 (episodes ending on or after January 1, 2006, and before January 1, 2007) used to pay episodes with a low utilization payment adjustment (LUPA) are listed in the table on page 2 of MM4282.
- In the case of an episode with four or fewer visits, the LUPA applies.

### Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4282.pdf>

<http://www.cms.hhs.gov/Transmittals/downloads/R2110TN.pdf>