



Correction to Home Health Prospective Payment System (HH PPS) Episode Sequence Edits – JA6305

Related CR Release Date: January 30, 2009

Date Job Aid Revised: February 9, 2009

Effective Date: January 1, 2008

Implementation Date: July 6, 2009

Key Words	MM6305, CR6305, R434OTN, HHPPS, HH, Home, Prospective, PPS, Episode
Contractors Affected	<ul style="list-style-type: none"> • Fiscal Intermediaries (FIs) • Part A/B Medicare Administrative Contractors (A/B MACs) • Regional Home Health Intermediaries (RHHIs)
Provider Types Affected	HH agencies (HHAs) submitting claims to Medicare FIs, A/B MACs, and/or RHHIs for services provided to Medicare beneficiaries



Change Request (CR) 6305 describes Medicare system changes being made to ensure episode sequence is enforced accurately under the HH PPS. **CR6305 contains no policy changes.**

Provider Needs to Know...	<ul style="list-style-type: none"> • CR6305 corrects Medicare system episode sequence edits to correctly identify cases where 20 or more therapy services have been provided. • Currently, these claims are bypassed. In a limited set of cases, this results in a payment based on the incorrect payment group. • Payment codes (known as Health Insurance PPS (HIPPS) codes) that begin with a '5' represent episodes in which the HHA provided 20 or more therapy services. • Payments for episodes with 20 or more therapies are identical, regardless of whether the episode is early or later. • Consequently, the initial requirements for HH PPS case-mix refinements excluded HIPPS codes beginning with '5' from the edits that enforce correct episode sequence. • In a case where the 20 therapy services are expected from the beneficiary's initial assessment and the HHA reports the HIPPS code beginning with '5' on the Request for
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Anticipated Payment (RAP) and claim for the episode, it is correct to exclude the episode from episode sequence edits.

- However, when the 20 therapy services are not expected, the first position of the HIPPS code on the RAP and claim indicate whether the episode was early or later.
- When the Medicare HH PPS Pricer program finds 20 therapy services were provided, it recodes the first position of the HIPPS code to a '5'.
- The Pricer then uses the treatment authorization code information on the claim to recode the remaining positions of the code.
- The Pricer recodes the episode before the claim is submitted to the Common Working File (CWF) to determine whether the episode sequence information used for recoding was correct.
- When the claim is then submitted to CWF with the HIPPS code beginning with '5', CWF bypasses the episode sequencing edits and the claim is not returned to the HH PPS Pricer for correction.
- In these cases, which represent a small volume of claims nationally, the episode may be paid at the incorrect payment group.
- The requirements provided in CR6305 will prevent these payment errors from occurring.

Background

- The Centers for Medicare & Medicaid Service (CMS) implemented refinements to the HH-PPS case-mix system in January 2008.
- One of these refinements was to pay HH PPS episodes differently depending upon whether the episode was an early episode (the first or second episode in a sequence of related episodes) or a later episode (the third or later episode in such a sequence).
- The accuracy of these payments is enforced by edits in Medicare's CWF system, which compares the payment codes on incoming claims to previously paid episodes and rejects claims that are priced based on the incorrect episode sequence.
- Previously, CR6027 revised the HH PPS episode sequence edits intended to ensure that fully denied episodes are not considered in determining whether an episode is early or later.
- An error in the business requirements of CR6027 is corrected in CR6305.

**Operational
Impact**

Claims paid at the incorrect group rate will be adjusted if the submitting HHA brings such claims to the attention of their contractor once CR6305 is implemented.

Reference
Materials

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6305.pdf> on the CMS website.

The official instruction (CR6305) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R4340TN.pdf> on the CMS website.

A MLN Matters article related to CR6027 is available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6027.pdf> on the CMS website.
