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### *Demonstration Project for Medical Adult Day-Care Services*

#### Key Words

Adult, Demonstration, Day-Care, HHA, RHHI, CR3660, MM3660, RAP, HHDAYC, FL84, MMA

#### Provider Types Affected

Home Health Agencies (HHAs) participating in the Medicare Demonstration Project for Medical Adult Day-Care Services

#### Key Points

- The effective date of the instruction is July 1, 2005.
- The implementation date is July 5, 2005.
- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires the Centers for Medicare & Medicaid Services (CMS) to conduct a Medicare Demonstration Project for Adult Day-Care.
- The purpose of this three-year demonstration project is to evaluate effects of substituting adult day-care services for a portion of the home health services Medicare beneficiaries would otherwise be eligible to receive in their homes.
- This demonstration will be limited to five HHA sites that CMS will select from proposals submitted in response to a formal solicitation.
- Medicare beneficiaries receiving home health services from the participating HHAs will be able to enroll in the demonstration voluntarily.
- The business requirements specified in this CR 3660 apply only to the Medicare home health benefit and only affect those Regional Home Health Intermediaries (RHHIs) serving the specific sites in states covered under the demonstration.
- Payment for each home health service episode of care in the demonstration will be set at 95 percent of the amount that would otherwise be paid for home health services provided entirely in the home, and will be provided directly to the HHA for all services delivered during the home health episode of care whether rendered at home or in the adult day-care facility.

- Participating HHAs and medical adult day-care facilities may not separately charge a beneficiary for medical adult day-care services furnished under the home health plan of care.
- Identification of demonstration patients will occur, after a Medicare beneficiary is referred for home care, as follows:
  - The participating HHA, in consultation with the referring physician, conducts an initial patient assessment to determine whether the patient is eligible to receive home health services under the Medicare fee-for-service program.
  - The HHA will tell the beneficiary about the demonstration, advise them that participation is voluntary and that their refusal to participate will not affect their home care services or other Medicare benefits.
  - The beneficiary will be asked if they wish to participate.
- The participating HHA may offer participation in the demonstration to its current patients as they are reassessed as part of ongoing certification for Medicare home health services.
- The demonstration will apply to Medicare Part A and/or Part B beneficiaries participating in the Medicare fee-for-service program.
- This demonstration will not include Medicare beneficiaries who are enrolled in Medicare Advantage Plans or a Medicare managed care demonstration (e.g., Preferred Provider Organizations).
- The demonstration is limited to 15,000 beneficiaries.
- The following methodology will be used to ensure that demonstration sites cannot exceed the demonstration enrollment limit of 15,000 Medicare beneficiaries at any one time:
  - All Medicare beneficiaries actively enrolled in the demonstration will be accounted for through the claims identification process, and a special support contractor, retained by CMS, will maintain a listing of enrollees.
  - New enrollees will be added to the listing along with their admission date and other pertinent identifiable information and a notation will be made when the enrollee is discharged from home health care at the participating site or otherwise ceased to be a demonstration participant.
  - When the number of enrollees reaches 14,500, all demonstration sites will be informed that they must first check with the special support contractor before enrolling a new patient under the demonstration.
- The following methodology will be used for claims processing:
  - CMS will give the provider numbers of the five selected HHA demonstration sites to the RHHIs who service those HHAs.
  - Claims processing for the demonstration will be limited to these sites/provider numbers.
  - For each identified demonstration patient, the HHA will submit to the RHHI a request for anticipated payment (RAP) entering a special code (the string "HHDAYC") in the remarks section (FL84) of the claim identifying the patient as part of the demonstration.

- The HHA will also place the same code on the end of episode claim and any other claims that are submitted for a demonstration episode (e.g., cancellations or adjustments).
- HHA will process claims in accordance with standard Medicare claims processing rules.
- RHHI will receive and process the claims for payment in accordance with standard Medicare rules except that final payment to the HHA for that Medicare beneficiary for each episode of care will be adjusted to 95 percent of the amount that would otherwise be paid out under the Home Health Prospective Payment System (HH PPS).
- The payment reduction only applies to the HH PPS payment amount. Any fee schedule items (e.g., Durable Medical Equipment, Prosthetics & Orthotics, oxygen) provided during the episode are not affected in terms of payment.

### Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3660.pdf>

<http://www.cms.hhs.gov/transmittals/downloads/R17DEMO.pdf>