



Home Health Prospective Payment System (HH PPS) Refinement and Rate Update for Calendar Year (CY) 2009 – JA6341

Related CR Release Date: January 7, 2009

Date Job Aid Revised: January 23, 2009

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

Key Words MM6341, CR6341, R1662CP, HH, PPS, Home, Prospective, Payment, Refinement, HHA

Contractors Affected Regional Home Health Intermediaries (RHHIs)

Provider Types Affected Home Health Agencies (HHA) who bill RHHIs for services provided to Medicare beneficiaries



- Change Request (CR) 6341 updates the 60-day national episode rates and the national per-visit amounts under the HH PPS for CY 2009.
- For CY 2009, Medicare HH payments for HHAs that report quality data will be increased by 2.9%, while payments for those HHAs that do not report quality data will be increased 0.9%.
- The CY 2009 rates apply for episodes with claim statement "Through" dates on or after January 1, 2009, and on or before December 31, 2009.

Provider Needs to Know...

- To establish new payments for CY 2009, the Centers for Medicare & Medicaid Services (CMS) started with the CY 2008 national standardized 60-day episode payment of \$2,270.32 and increased that by the HH market basket update for CY 2009 (2.9 percent). This figure is then reduced by the 2.75 percent case-mix adjustment.
- Table 1 on page 2 of MLN Matters article MM6341 shows the calculations, which yield a CY 2009, updated national standardized 60-day episode payment rate of \$2,271.92.

- These payments are further adjusted by the individual episode's case-mix weight and wage index.
 - The national standardized per-visit amounts are used to calculate low utilization payment adjustments (LUPAs) and outlier payments. The national per-visit amounts are shown in Table 2 on page 3 of MLN Matters article MM6341.
 - Specifically, Table 2 shows the national per-visit amounts for LUPAs (not including the increase in payment for a beneficiary's only episode or the initial episode in a sequence of adjacent episodes) and outlier calculations updated by the HH market basket update for CY 2009, before wage index adjustment based on the site of service for the beneficiary.
 - Tables 1 and 2 show the payments to HHAs that **DO** report the required quality data.
 - For HHAs that **DO NOT** submit the required quality data, Table 3 on page 3 of MLN Matters article MM6341 shows the national 60-day episode amounts updated by the HH market basket update for CY 2009 minus 2 percent, before case-mix adjustment, wage index adjustment based on the site of service for the beneficiary.
 - For HHAs that **DO NOT** submit the required quality data, Table 4 on page 4 of MLN Matters article MM6341 shows the national per-visit amounts for LUPAs (not including the increase in payment for a beneficiary's only episode or the initial episode in a sequence of adjacent episodes) and outlier calculations updated by the HH market basket update for CY 2009 minus 2 percent, before wage index adjustment based on the site of service for the beneficiary.
 - LUPA episodes that occur as initial episodes in a sequence of adjacent episodes or as the only episode receive an additional payment.
 - The Table 2 and Table 4 per-visit rates noted above are before that additional payment is added to the LUPA amount. For CY 2008, that amount was \$87.93.
 - This additional LUPA amount is updated by the HH market basket percentage update.
 - Consequently, for CY 2009, the additional amount paid for LUPAs that occur as initial episodes in a sequence of adjacent episodes or as the only episode is \$90.48 ($\87.93×1.029).
 - As Medicare did in the CY 2008 HH PPS final rule with comment, payments for non-routine medical supplies (NRS) are updated by the HH market basket and reduced by the 2.75 percent reduction to the rates through the updating of the NRS conversion factor.
 - NRS payments are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor.
 - For CY 2009 payments, the NRS conversion factor is updated by the CY 2009 HH market basket update of 2.9 percent and reduced by the 2.75 percent reduction to the rates.
 - The NRS conversion factor for CY 2008 was \$52.35. Consequently, for CY 2009, the NRS conversion factor is \$52.39 ($\$52.35 \times (1.029 * (1 - 0.0275))$).
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- The payment amounts for the six severity levels based on the updated conversion factor are calculated in Table 5 on page 5 of MLN Matters article MM6341.
 - These changes will be implemented through the HH Pricer software found in the provider's RHHI's claims processing system. The provider's RHHI will contact them if they are to receive reduced payments for CY 2009.
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Background

- Section 5201 of the Deficit Reduction Act requires that Medicare HH payments be updated by the applicable market basket percentage increase for CY 2009. This increase for CY 2009 is 2.9% (effective January 1, 2009).
 - Section 1895 (b)(3)(B)(v) of the Social Security Act requires that HHAs report quality data or be subject to a 2 percent reduction to the HH market basket percentage increase applicable to HH PPS payments for CY 2009.
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Operational Impact N/A

Reference Materials

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6341.pdf> on the CMS website.

The official instruction (CR6341) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R1662CP.pdf> on the CMS website.
