



## Provider Inquiry Assistance

### Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2010 – JA6747

Related CR Release Date: December 4, 2009

Date Job Aid Revised: December 10, 2009

Effective Date: January 1, 2010

Implementation Date: January 4, 2010

**Key Words** MM6747, CR6747, R1864CP, Home, Prospective, Payment, PPS

**Contractors Affected**

- Regional Home Health Intermediaries (RHHIs)
- Part A/B Medicare Administrative Contractors (A/B MACs)

**Provider Types Affected** Provider types affected are HH Agencies (HHAs) who bill RHHIs and A/B MACs.



- Change Request (CR) 6747 updates the 60-day national episode rates and the national per-visit amounts under the HH PPS for CY 2010.
- For CY 2010 (effective for episodes with claim statement “Through” dates on or after January 1, 2010, and on or before December 31, 2010), Medicare HH payments for **HHAs that report quality data (described below) will be increased by 2.0 percent.**
- **HHAs that do not report** the required quality data will receive a 2 percent reduction to the HH market basket percentage increase for CY 2010. Consequently, those HHAs will not receive any increase for CY2010.

**Provider Needs to Know...**

- In order to establish new payments for CY 2010, the Centers for Medicare & Medicaid Services (CMS) starts with the CY 2009 national standardized 60-day episode payment and adjusts it to return the outlier funds that paid for the original 5 percent target for outlier payments.
- That figure is adjusted to account for the 2.5 percent outlier policy. Then it is increased by the HH market basket update for CY 2010 (2.0 percent). This figure is reduced by the 2.75 percent case-mix adjustment.

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**Rates for HHAs that Report Quality Data**

- There are five tables starting on page 2 of MLN Matters® article MM6747 that show the rates for HHAs that do report the required quality data. The tables are described below.
  - The calculations which yield the CY 2010 updated national standardized 60-day episode payment rate are in Table 1. These payments will be 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.
  - LUPA episodes that occur as initial episodes in a sequence of adjacent episodes or as the only episode receive an additional payment. The per-visit rates noted in the previous tables noted above are before that additional payment is added to the LUPA amount. The CY 2010 LUPA add-on payment is updated in Table 3.
  - Payments for non-routine supplies (NRS) are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor. The NRS conversion factor for CY 2010 payments is updated in Table 4a.
  - The payment amounts for the various severity levels based on the updated conversion factor are shown in Table 4b.

**Rates for HHAs that Do Not Report Quality Data**

- Section 1895 (b)(3)(B)(v) of the Social Security Act (or Act) requires that if quality data is not submitted by an HHA, then the HH market basket percentage increase applicable to that provider's payments will be reduced by 2 percent. Therefore, the increase that is applied to CY 2010 payments to HHAs that do not report the required quality data is 0 percent (CY 2010 market basket update of 2.0 percent minus 2 percent).
  - There are five tables starting on page 5 of MM6747 that show the rates for HHAs that do not report the required quality data. The tables are described below.
    - The CY 2010 National Standardized 60-Day Episode Payment Rate for HHAs who do not submit the required quality data is shown in Table 5.
    - The national standardized per-visit amounts are used to calculate LUPAs and outlier payments. The national per-visit amounts for HHAs that do not submit the required quality data are shown in Table 6.
    - LUPA episodes that occur as initial episodes in a sequence of adjacent episodes or as the only episode receive an additional payment. The per-visit rates noted above are before that additional payment is added to the LUPA amount. This additional LUPA add-on amount for HHAs that do not submit the required quality data is updated in Table 7.
    - Payments for NRS are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor. For CY 2010 payments to HHAs that do not submit the required quality data, the NRS conversion factor is shown in Table 8a.
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- The payment amounts for the various severity levels based on the updated conversion factor are calculated in Table 8b.
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Background

- Section 1895 (b)(3)(B)(v) of the Act provides that Medicare HH payments be updated by the applicable market basket percentage increase for CY 2010. The home health market basket percentage increase for CY 2010 is 2.0 percent.
  - Section 1895 (b)(3)(B)(v) of the Act also requires that HHAs report quality data as determined by the Secretary of Health and Human Services.
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Operational  
Impact

N/A

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Reference  
Materials

The related MLN Matters® article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6747.pdf> on the CMS website.

The official instruction (CR6747) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R1864CP.pdf> on the CMS website.

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