



## Home Health Rural Add-on Payments Based on County of Residence

MLN Matters Number: MM10782 **Revised**      Related Change Request (CR) Number: CR10782

Related CR Release Date: **December 31, 2018**      Effective Date: January 1, 2019

Related CR Transmittal Number: **R4190CP**      Implementation Date: January 7, 2019

**Note: The article was revised to reflect the revised CR10782. The CR was revised to correct a link to the FIPS State and County codes lists. That link is added in the Additional Information section of this article. Also, the CR release date, transmittal number, and the Web address of the CR are revised. All other information remains the same.**

### Provider Type Affected

This MLN Matters Article is intended for home health providers billing Part A and Home Health and Hospice Medicare Administrative Contractors (MACs) for services they provide to Medicare patients in rural areas.

### Provider Action Needed

CR 10782 implements recent legislation that requires home health rural add-on payments to vary, based on the county in which the service was provided. Make sure your billing staffs are aware of these changes.

### Background

On February 9, 2018, Congress passed the Bipartisan Budget Act (BBA) of 2018. Section 50208 of the BBA amended Section 421 of the Medicare Modernization Act (MMA) to increase the payment amount, otherwise made under section 1895 of the Act, for Home Health (HH) services furnished in a rural area (as defined in section 1886(d)(2)(D) of the Act). The percentage of the increase must vary based on the county within the particular rural area.

The county-based increase applies to episodes and visits ending on or after January 1, 2019; and continues, at changing percentage levels, through calendar years 2020, 2021 and 2022.

Section 50208 also requires that "in the case of home health services furnished on or after January 1, 2019, the claim contains the code for the county (or equivalent area) in which the home health service was furnished." In response, Medicare requested that the National Uniform Billing Committee create a new code to meet this requirement. This new value code

85 is effective on January 1, 2019, and is defined as “County Where Service is Rendered” and providers should report the Federal Information Processing Standards (FIPS) State and County Code of the place of residence where the home health service is delivered.

When home health services are provided in rural (non-Core Based Statistical Area (CBSA)) areas for episodes and visits ending on or after January 1, 2019, and before January 1, 2023, a county-based rural add-on is applied to:

- The national, standardized episode rate;
- National per-visit payment rates;
- Low Utilization Payment Adjustment (LUPA) add-on payments; and
- The Non-Routine Supplies (NRS) conversion factor.

In response to this requirement, your MAC will:

- Accept value code 85 and an associated FIPS State and County Code on home health claims, Type of Bill (TOB) 032x, received on or after January 1, 2019.
- Apply rural payment rates based on whether the FIPS State and County Code is in the list of codes associated with one of three categories of rural counties.
- Return the claim to you for correction when the FIPS State and County Code is missing or invalid.

## More Information

We issued [CR 10782](#) as the official instruction for this change.

Read MLN Matters Article [MM12957](#) for current information on the rural add-on.

The [FIPS State and County codes](#) are available.

For more information, [find your MAC's website](#).

## Document History

Date of Change	Description
January 9, 2023	We revised the Article to add a link to MM12957 for current information on the rural add-on. All other information is the same.
December 31, 2018	The article was revised to reflect the revised CR10782 issued on that date. The CR was revised to correct a link to the FIPS State and County codes lists. That link is added in the Additional Information section of this article. Also, the CR release date, transmittal number, and the Web address of the CR are revised. All other information remains the same.

Date of Change	Description
November 16, 2018	Initial article released.

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