



News Flash - Did you know that your local Medicare contractor (carrier, fiscal intermediary, or Medicare Administrative Contractor (MAC)) is a valuable source of news and information regarding Medicare business in your specific practice location? Through their electronic mailing lists, your local contractor can quickly provide you with information pertinent to your geographic area, such as local coverage determinations, local provider education activities, etc. If you have not done so already, you should go to your local contractor website and sign up for their listserv or e-mailing list. Many contractors have links on their home page to take you to their registration page to subscribe to their listserv. If you do not see a link on the homepage, just search their site for "listserv" or "e-mail list" to find the registration page. If you do not know the Web address of your contractor's homepage, it is available at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

MLN Matters Number: MM6341

Related Change Request (CR) #: 6341

Related CR Release Date: January 7, 2009

Effective Date: January 1, 2009

Related CR Transmittal #: R1662CP

Implementation Date: January 5, 2009

Note: This article was updated on December 17, 2012, to reflect current Web addresses. All other information remains unchanged.

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

Provider Types Affected

Home Health Agencies (HHA) who bill Regional Home Health Intermediaries (RHHI) for services provided to Medicare beneficiaries.

Provider Action Needed

CR 6341, from which this article is taken, updates the 60 day national episode rates and the national per-visit amounts under the home health prospective payment system (HH PPS) for calendar year (CY) 2009. Note that for CY 2009, Medicare home health payments for HHAs that report quality data (described below) will be increased by 2.9%, while payments for those HHAs that do not report quality data will be increased 0.9%. Be sure billing staff are aware that the CY

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2009 rates apply for episodes with claim statement "Through" dates on or after January 1, 2009 and on or before December 31, 2009.

Background

Section 5201 of the Deficit Reduction Act (DRA) requires that Medicare home health payments be updated by the applicable market basket percentage increase for CY 2009. CR 6341, from which this article is taken, announces that this increase for CY 2009 is 2.9% (effective January 1, 2009). CR 6341 also discusses the HHAs' reporting of quality data, since 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 home health market basket percentage increase applicable to HH PPS payments for CY 2009.

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 home health market basket update for CY 2009 (2.9 percent). This figure is then reduced by the 2.75 percent case-mix adjustment. Table 1 below 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 following two tables show the payments to HHAs that **DO** report the required quality data:

Table 1

National 60-Day Episode Amounts Updated by the Home Health Market Basket Update for CY 2009, Before Case-Mix Adjustment, Wage Index Adjustment Based on the Site of Service for the Beneficiary

Total CY 2008 National Standardized 60-Day Episode Payment Rate	Multiply by the Home Health Market Basket Update (2.9 Percent)	Updated National Standardized 60-Day Episode Payment Rate	Reduce by 2.75 Percent for Nominal Change in Case-Mix	CY 2009 National Standardized 60-Day Episode Payment Rate
\$2,270.32	X 1.029	\$2,336.16	X 0.9725	\$2,271.92

The national standardized per-visit amounts are used to calculate low utilization payment adjustments (LUPAs) and outlier payments. The national per-visit amounts are as follows:

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Table 2

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 Home Health Market Basket Update for CY 2009, Before Wage Index Adjustment Based on the Site of Service for the Beneficiary

Home Health Discipline	CY 2008 Per-Visit Rate	Multiply by the CY 2009 Home Health Market Basket (2.9 percent)	CY 2009 Per-Visit Rate (CY 2008 Rate Multiplied by 1.029)
Home Health Aide	\$47.51	X 1.029	\$48.89
Medical Social Services	\$168.17	X 1.029	\$173.05
Occupational Therapy	\$115.48	X 1.029	\$118.83
Physical Therapy	\$114.71	X 1.029	\$118.04
Skilled Nursing	\$104.91	X 1.029	\$107.95
Speech-Language Pathology	\$124.65	X 1.029	\$128.26

The following two tables show the rates for HHAs that **DO NOT** report the required quality data:

Table 3

For HHAs that Do Not Submit the Required Quality Data -- National 60-Day Episode Amounts Updated by the Home Health 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

Total CY 2008 National Standardized 60-Day Episode Payment Rate	Multiply by the Home Health Market Basket Update (2.9 Percent) minus 2 percent	Updated National Standardized 60-Day Episode Payment for HHAs that do not submit required quality data	Reduce by 2.75 Percent for Nominal Change in Case-Mix	CY 2009 National Standardized 60-Day Episode Payment for HHAs that do not submit required quality data
\$2,270.32	X 1.009	\$2,290.75	X 0.9725	\$2,227.75

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Table 4

For HHAs that Do Not Submit the Required Quality Data -- 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 Home Health Market Basket Update for CY 2009 Minus 2 Percent, Before Wage Index Adjustment Based on the Site of Service for the Beneficiary

Home Health Discipline	CY 2008 Per-Visit Rate	Multiply by the Home Health Market Basket Update (2.9 Percent) minus 2 percent	CY 2009 Per-Visit Rate
Home Health Aide	\$47.51	X 1.009	\$47.94
Medical Social Services	\$168.17	X 1.009	\$169.68
Occupational Therapy	\$115.48	X 1.009	\$116.52
Physical Therapy	\$114.71	X 1.009	\$115.74
Skilled Nursing	\$104.91	X 1.009	\$105.85
Speech-Language Pathology	\$124.65	X 1.009	\$125.77

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 home health 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 home health 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 home health 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 ($\$52.35 \times (1.029 * (1 - 0.0275))$).

The payment amounts for the various severity levels based on the updated conversion factor are calculated in Table 5.

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Table 5
Relative Weights for the 6-Severity NRS System

Severity Level	Points (Scoring)	Relative Weight	NRS Payment Amount
1	0	0.2698	\$14.13
2	1 to 14	0.9742	\$51.04
3	15 to 27	2.6712	\$139.94
4	28 to 48	3.9686	\$207.91
5	49 to 98	6.1198	\$320.62
6	99+	10.5254	\$551.43

These changes will be implemented through the Home Health Pricer software found in your RHHI's claims processing system. Your RHHI will contact you if you are to receive reduced payments for CY 2009.

Additional Information

If you have questions, please contact your Medicare RHHI/MAC at their toll-free number which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

The official instruction (CR6341) issued to your Medicare RHHI/MAC is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1662CP.pdf> on the CMS website.

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