

MLN Matters Number: MM4282

Related Change Request (CR) #: 4282

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Implementation Date: February 13, 2006

Temporary Five-Percent Payment Increase for Home Health Services Furnished in a Rural Area for One Year Under the Home Health Prospective Payment System (HH PPS), and Change of the HH PPS CY2006 Update to that of a Zero Percent Update

Note: This article was updated on October 24, 2012, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Home health agencies (HHAs) who submit claims to Medicare regional home health intermediaries (RHHIs) for home health services, including services in rural areas, provided to Medicare beneficiaries

Background

This article is based on Change Request (CR) 4282, which focuses on the recently passed Deficit Reduction Act of 2005 (DRA), Section 5201. The DRA of 2005 provides for changes to the Medicare Home Health Prospective Payment System (HH PPS) payment rates for 2006.

Key Points

- Congress has enacted a **0 percent update** (instead of a 2.8 percent update) to the HH PPS payment rates for services paid under the HH PPS for CY 2006. HH PPS rates for CY 2006 are frozen at the CY 2005 rate for episodes with claim statement "Through" dates on or after January 1, 2006, and on or before December 31, 2006.
- For home health episodes beginning on or after January 1, 2006, the DRA provides for a **five-percent payment increase** for one year for services furnished in a rural area. This rural add-on to the HH PPS payment rates is for episodes with claim statement "From" dates on or after January 1, 2006, and on or before December 31, 2006.
- Episodes that qualify for the five-percent rural add-on will be those with core-based statistical area (CBSA) codes that begin with "999."

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- The Centers for Medicare & Medicaid Services (CMS) may hold HH PPS claims with "Through" dates on or after January 1, 2006, for a brief period to allow for testing of the new HH PPS Pricer. Claims paid under the previous Pricer with "Through" dates on or after January 1, 2006, will be reprocessed through the new Pricer in order to correct those payments. The reprocessing of those claims will be completed by July 1, 2006.

Additional Information

All other provisions of the HH PPS final rule published on November 9, 2005, are still valid.

CMS is still implementing the new area labor market designations, allowing for a one-year transition period during which a blend of 50 percent of the new area labor market designations' wage index and 50 percent of the previous area labor market designations' wage index will be implemented.

Also, CMS is still revising the fixed dollar loss ratio, which is used in the calculation of outlier payments, from 0.70 in CY 2005 to 0.65 for CY 2006.

Section 5101 of the DRA freezes rates for CY 2006 at the CY 2005 rate. The final prospective payment amount per 60-day episode for CY 2006 (episodes ending on or after January 1, 2006, and before January 1, 2007) is \$2,264.28.

The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, is subsequently applied to this amount.

National Standardized Per-Visit Amounts for CY 2006

The national standardized per-visit amounts for CY 2006 (episodes ending on or after January 1, 2006, and before January 1, 2007) used to pay episodes with a low utilization payment adjustment (LUPA) are as follows:

Home Health Discipline Type	Total prospective payment amount per 60-day episode for CY 2005	0 Percent Update	Total prospective payment amount per 60-day episode for CY 2006
Home Health Aide	\$44.76	-	\$44.76
Medical Social Services	\$158.45	-	\$158.45
Occupational Therapy	\$108.81	-	\$108.81
Physical Therapy	\$108.08	-	\$108.08
Skilled Nursing	\$98.85	-	\$98.85
Speech-Pathology	\$117.44	-	\$117.44

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Home Health Services Furnished in a Rural Area

Section 5101 of the DRA also provides for a five-percent payment increase for home health services furnished in a rural area with respect to episodes and visits beginning on or after January 1, 2006, and before January 1, 2007.

To calculate the five-percent rural payment increase for home health episodes beginning on or after January 1, 2006, and before January 1, 2007, multiply the total standardized prospective payment amount per 60-day episode by five-percent when the site of service of the beneficiary is a non-CBSA area.

For a beneficiary whose site of service is a rural (non-CBSA) area, the final prospective payment amount for episodes beginning on or after January 1, 2006, and before Jan1, 2007, is \$2,377.49. The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, is subsequently applied to this amount.

Episodes with Four or Fewer Visits

In the case of an episode with four or fewer visits, the LUPA applies. In order to calculate the five-percent rural payment increase for LUPA episodes beginning on or after January 1, 2006, and before January 1, 2007, multiply the final standardized per visit payment amounts for each of the home health discipline amounts by five-percent for beneficiaries who reside in a rural (non-CBSA) area. The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, is subsequently applied to these amounts.

Home Health Discipline Type	Total prospective payment amount per 60-day episode for CY 2005	Multiplied by five-percent rural increase	Final standardized per-visit payment amounts per 60-day episode for LUPA episodes beginning on or after January 1, 2006, and before January 1, 2007 for a beneficiary who resides in a rural, non-CBSA area
Home Health Aide	\$44.76	-	\$47.00
Medical Social Services	\$158.45	-	\$166.37
Occupational Therapy	\$108.81	-	\$114.25
Physical Therapy	\$108.08	-	\$113.48
Skilled Nursing	\$98.85	-	\$103.79
Speech-Pathology	\$117.44	-	\$123.31

CR4282 is the official instruction issued to your RHHI, regarding this change. CR 4282 may be found by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2110TN.pdf> on the CMS website.

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Please refer to your local RHHI if you have questions about this issue. To find the toll free phone number of your RHHI, go to <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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