



**News Flash - Your Medicare Payments Could Be Reduced If The Internal Revenue Service (IRS) Needs To Collect Overdue Taxes That You Owe** - The Taxpayer Relief Act of 1997, Section 1024, authorizes the IRS to reduce certain federal payments, including Medicare payments, to allow collection of overdue taxes. Should you owe such taxes and your payments are reduced, your remittance advice will reflect a provider level adjustment code (PLB) of "WU" in the PLB03-1 data field. For more information, please see MLN Matters Article #MM6125 available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6125.pdf> on the CMS website.

MLN Matters Number: MM6250

Related Change Request (CR) #: 6250

Related CR Release Date: October 31, 2008

Effective Date: Episodes beginning on or after January 1, 2008

Related CR Transmittal #: R3970TN

Implementation Date: February 2, 2009

## Claim Adjustments to Correct Home Health Prospective Payment System (HH PPS) Payment Errors

### Provider Types Affected

Home Health Agencies (HHAs) billing Regional Home Health Intermediaries (RHHIs) for services provided to Medicare beneficiaries.

### Provider Action Needed

This article is based on Change Request (CR) 6250 which provides the instructions and schedule for correcting payment errors that resulted from a number of software problems associated with the implementation of the Home Health Prospective Payment System (HH PPS) case-mix refinement. Be sure billing staffs are aware of these issues.

### Background

Medicare implemented refinements to the Home Health Prospective Payment System (HH PPS) case-mix model effective for episodes beginning on or after

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January 1, 2008. However, Medicare systems did not correctly implement certain requirements of the HH PPS refinements initially, and errors subsequently resulted in incorrect payments to home health agencies (HHAs) during the first two quarters of calendar year 2008. Certain errors resulted in overpayments to the HHAs, while others resulted in underpayments. These errors are further described as follows:

- 1) The January 1, 2008 version of the HH PPS Pricer software contained an error that caused the supply add-on amount to be paid on episodes that began in 2007 and spanned January 1, 2008. The supply add-on is properly only applicable for episodes beginning on or after January 1, 2008. This error resulted in overpayments of the minimum supply add-on amount of \$14.12.

**Claims affected:** Any HH PPS final claim with a "From" date in 2007 and a "Through" date in 2008 which was processed between January 1, 2008 and February 4, 2008.

- 2) The January 1, 2008 version of the HH PPS Pricer software contained an error that prevented appropriate upcoding of claims containing exactly 20 therapy visits, but which reported a HIPPS code projecting a lower number of therapy visits. This error resulted in underpayments due to claims being paid at a lower-weighted health insurance prospective payment system (HIPPS) code than was appropriate for the services billed.

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 which reported 20 therapy visits and which was processed between January 1, 2008 and February 4, 2008. **NOTE: An HHA with claims affected by this error must request an adjustment from their RHHI.**

- 3) The January 1, 2008 version of the HH PPS Pricer software failed to wage adjust the low utilization payment adjustment (LUPA) add-on payment. This error resulted in overpayments for services provided to beneficiaries who reside in areas where the wage index is less than 1.0. The error resulted in underpayments for services provided to beneficiaries who reside in areas where the wage index is greater than 1.0

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 with four or fewer visits, which was the first episode in a sequence of related episodes and which was processed between January 1, 2008 and February 4, 2008. Adjustments to these claims are already scheduled as part of CR 5877. (See the related MLN Matters article at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5877.pdf> on the CMS website.)

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- 4) The January 1, 2008 version of the HH PPS Pricer software paid the full non-routine supply add-on amount on claims for episodes subject to partial episode payment (PEP) adjustment. The supply add-on should have been prorated on a basis of days along with the remainder of Medicare's payment for the episode. The error resulted in overpayments that varied in amount depending on the non-routine supply severity level that applied and the number of days in the PEP proration.

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 which was subject to a PEP adjustment and which was processed between January 1, 2008 and February 4, 2008.

- 5) The February 4, 2008 version of the HH PPS Pricer software corrected the wage-adjustment of LUPA add-on payments but created an additional problem in which the LUPA add-on amount was paid on all HH visit lines on the claim. The LUPA add-on should properly only be paid on the earliest dated HH visit line on a claim. The error resulted in overpayments that varied in amount depending on how many visit lines were included on the claim.

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 with four or fewer visits, which was the first episode in a sequence of related episodes and which was processed between February 4, 2008 and March 10, 2008. Adjustments to these claims also are already scheduled as part of CR 5877.

- 6) Medicare's Common Working File system failed to recognize episodes that occurred in 2007 when determining episode sequences. This caused claims for later episodes to be recoded and paid as early episodes in error. This error resulted in underpayments since under the refined HH PPS later episodes have higher HIPPS code weights.

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 with a HIPPS code indicating a later episode for which the one of the first two episodes in the sequence of related episodes occurred in 2007 and which was processed between January 1, 2008 and July 7, 2008.

- 7) The March 10, 2008 version of the HH PPS Pricer software, as well as all previous versions, contained an incorrect per-visit rate for speech-language pathology (SLP) services. The Pricer reflected the SLP rate of \$124.54, as published in the original HH PPS final rule, rather than the corrected amount of \$124.65, as published in the correction notice to that rule. This error

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resulted in small underpayments in the calculation of LUPA and outlier payments.

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 which was subject to LUPA or outlier payment adjustments and which was processed between January 1, 2008 and August 4, 2008.

- 8) The March 10, 2008 version of the HH PPS Pricer software, as well as all previous versions, contained an error in recoding logic that prevented the clinical domain value of the HIPPS code to be changed appropriately in certain cases. If the grouping step for the episode changed to step one during processing and the corresponding clinical severity value in the treatment authorization code was 'G' or 'N,' the clinical domain value in the HIPPS code was assigned to an incorrectly low weight. This error resulted in underpayments.

**Claims affected:** Any HH PPS final claim with a "From" date on or after January 1, 2008 which was recoded to a HIPPS code with '2' in the first position, which was processed between January 1, 2008 and August 4, 2008.

- 9) The August 4, 2008 version of the HH PPS Pricer software did not contain the 2008 wage index file. As a result, all HH claims processed after the version was installed paid incorrectly using the 2007 wage index. This error may have resulted in overpayments or underpayments depending on whether the wage index for a given Core Based Statistical Area (CBSA) increased or decreased between 2007 and 2008.

**Claims affected:** Any HH PPS final claim with a "Through" date on or after January 1, 2008 which was processed between August 4, 2008 and August 18, 2008.

CR 6250 instructs RHHIs to correct HH PPS refinement payment errors. Claims affected by these errors are those submitted on bill types 32x and 33x, excluding types 322 and 332. Your RHHI will process these corrections without any action on your part, except for item number 2, as noted above.

## Additional Information

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The official instruction, CR 6250, issued to your RHHI regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R397OTN.pdf> on the CMS website.

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If you have any questions, please contact your RHHI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

**News Flash** - "Flu season is here! Medicare patients give many reasons for not getting their annual flu shot, including—"It causes the flu"; "I don't need it"; "It has side effects"; "It's not effective"; "I didn't think about it"; "I don't like needles!" The fact is that every year in the United States, on average, about 36,000 people die from influenza. Greater than 90 percent of these deaths occur in individuals 65 years of age and older. You can help your Medicare patients overcome these odds and their personal barriers through patient education. Talk with your Medicare patients about the importance of getting an annual flu shot-- and don't forget to immunize yourself and your staff. Protect yourself, your patients, and your family and friends. **Get Your Flu Shot – Not the Flu. Remember** - Influenza vaccine plus its administration are covered Part B benefits. Note that influenza vaccine is NOT a Part D covered drug. For information about Medicare's coverage of the influenza virus vaccine and its administration as well as related educational resources for health care professionals and their staff, see [http://www.cms.hhs.gov/MLNProducts/Downloads/flu\\_products.pdf](http://www.cms.hhs.gov/MLNProducts/Downloads/flu_products.pdf) on the CMS website. To download the Medicare Part B Immunization Billing quick reference chart, go to [http://www.cms.hhs.gov/MLNProducts/downloads/gr\\_immun\\_bill.pdf](http://www.cms.hhs.gov/MLNProducts/downloads/gr_immun_bill.pdf) on the CMS website. A copy of this quick reference chart can be ordered, free of charge, by going to the MLN Products web page and clicking on "MLN Product Ordering Page" in the Related Links Inside CMS section of the web page.

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