



**News Flash** – Medicare will cover immunizations for H1N1 influenza also called the "swine flu." There will be no coinsurance or copayment applied to this benefit, and beneficiaries will not have to meet their deductible. For more information, go to <http://www.cms.hhs.gov/H1N1> on the CMS website.

MLN Matters® Number: MM6747

Related Change Request (CR) #: 6747

Related CR Release Date: December 4, 2009

Effective Date: January 1, 2010

Related CR Transmittal #: R1864CP

Implementation Date: January 4, 2010

## Home Health Prospective Payment System Rate Update for Calendar Year 2010

### Provider Types Affected

Home Health Agencies (HHA) who bill Regional Home Health Intermediaries (RHHI) or Medicare Administrative Contractors (MAC) are impacted by this article.

### Provider Action Needed

CR 6747, 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) 2010. It also refines the case mix methodology and rebases and revises the home health market basket for CY 2010. Note that 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 home health payments for HHAs that report quality data (described below) will be increased by 2.0%, while payments for those HHAs that do not report quality data will be increased 0.0%. Be sure billing staff are aware of this article.

### Background

Section 1895 (b)(3)(B)(v) of the Social Security Act (or Act) provides that Medicare home health payments be updated by the applicable market basket percentage

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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 home health agencies (HHAs) report quality data as determined by the Secretary of Health and Human Services. HHAs that do not report the required quality data will receive a 2 percent reduction to the home health market basket percentage increase for CY 2010. Consequently, those HHAs will not receive any increase for CY2010.

**The following five tables show the rates for HHAs that DO report the required quality data:**

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% target for outlier payments. That figure is adjusted to account for the 2.5% outlier policy. Then it is increased by the home health market basket update for CY 2010 (2.0 percent). This figure is reduced by the 2.75 percent case-mix adjustment. Refer to Table 1 for the calculations which yield the CY 2010 updated national standardized 60-day episode payment rate. These payments will be further adjusted by the individual episode's case-mix weight and wage index.

<b>National 60-Day Episode Amounts Updated by the Home Health Market Basket Update for CY 2010, Before Case-Mix Adjustment, Wage Index Adjustment Based on the Site of Service for the Beneficiary</b>					
Total CY 2009 National Standardized 60-Day Episode Payment Rate	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the Home Health Market Basket Update (2.0%)	Reduce by 2.75 Percent for Nominal Change in Case-Mix	CY 2010 National Standardized 60-Day Episode Payment Rate
\$2,271.92	/ 0.95	X 0.975	X 1.020	X 0.9725	<b>\$2,312.94</b>

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 2010, Before Wage Index Adjustment Based on the Site of Service for the Beneficiary					
Home Health Discipline	CY 2009 Per-Visit Rate	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the CY 2010 Home Health Market Basket (2.0%)	CY 2010 Per-Visit Rate
Home Health Aide	\$48.89	/ 0.95	X 0.975	X 1.02	\$51.18
Medical Social Services	\$173.05	/ 0.95	X 0.975	X 1.02	\$181.16
Occupational Therapy	\$118.83	/ 0.95	X 0.975	X 1.02	\$124.40
Physical Therapy	\$118.04	/ 0.95	X 0.975	X 1.02	\$123.57
Skilled Nursing	\$107.95	/ 0.95	X 0.975	X 1.02	\$113.01
Speech-Language Pathology	\$128.26	/ 0.95	X 0.975	X 1.02	\$134.27

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. The CY 2010 LUPA add-on payment is updated in Table 3.

Table 3				
CY 2010 LUPA Add-On Payment Amounts				
CY 2009 LUPA Add-On Payment	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the Home Health Market Basket Update (2.0%)	CY 2010 LUPA Add-On payment
\$90.48	/ 0.95	X 0.975	X 1.02	\$94.72

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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.

<b>CY 2010 NRS Conversion Factor</b>					
CY 2009 NRS Conversion Factor	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the Home Health Market Basket Update (2.0%)	Reduce by 2.75 Percent for Nominal Change in Case-Mix	CY 2010 NRS Conversion Factor
52.39	/ 0.95	X 0.975	X 1.02	X 0.9725	<b>\$53.34</b>

The payment amounts for the various severity levels based on the updated conversion factor are shown in Table 4b.

<b>Relative Weights for the 6-Severity NRS System</b>			
Severity Level	Points (Scoring)	Relative Weight	NRS Payment Amount
1	0	0.2698	<b>\$14.39</b>
2	1 to 14	0.9742	<b>\$51.96</b>
3	15 to 27	2.6712	<b>\$142.48</b>
4	28 to 48	3.9686	<b>\$211.69</b>
5	49 to 98	6.1198	<b>\$326.43</b>
6	99+	10.5254	<b>\$561.42</b>

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

Section 1895 (b)(3)(B)(v) of the Act requires that if quality data is not submitted by an HHA, then the home health 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

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minus 2 percent). 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 below.

Table 5					
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 2010 Minus 2 Percent, Before Case-Mix Adjustment, Wage Index Adjustment Based on the Site of Service for the Beneficiary					
Total CY 2009 National Standardized 60-Day Episode Payment Rate	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the Home Health Market Basket Update (2.0 %) minus 2% for a 0% update	Reduce by 2.75% for Nominal Change in Case-Mix	CY 2010 National Standardized 60-Day Episode Payment Rate for HHAs that Do Not submit required quality data
\$2,271.92	/ 0.95	X 0.975	X 1.00	X 0.9725	\$2,267.59

The national standardized per-visit amounts are used to calculate low utilization payment adjustments (LUPAs) and outlier payments. The national per-visit amounts for HHAs that do not submit the required quality data are as follows:

Table 6					
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 2010 Minus 2 Percent, Before Wage Index Adjustment Based on the Site of Service for the Beneficiary					
Home Health Discipline	CY 2009 Per-Visit Rate	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the CY 2010 Home Health Market Basket (2.0%) minus 2% for a 0% update	CY 2010 Per-Visit Rate for HHAs that Do Not submit required quality data

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Home Health Aide	\$48.89	/ 0.95	X 0.975	X 1.00	\$50.18
Medical Social Services	\$173.05	/ 0.95	X 0.975	X 1.00	\$177.60
Occupational Therapy	\$118.83	/ 0.95	X 0.975	X 1.00	\$121.96
Physical Therapy	\$118.04	/ 0.95	X 0.975	X 1.00	\$121.15
Skilled Nursing	\$107.95	/ 0.95	X 0.975	X 1.00	\$110.79
Speech-Language Pathology	\$128.26	/ 0.95	X 0.975	X 1.00	\$131.64

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.

For HHAs that Do Not Submit the Required Quality Data -- CY 2010 LUPA Add-On Payment Amounts				
CY 2009 LUPA Add-On Payment	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the CY 2010 Home Health Market Basket (2.0%) minus 2% for a 0% update	CY 2010 LUPA Add-On payment for HHAs that Do Not submit required quality data
\$90.48	/ 0.95	X 0.975	X 1.00	\$92.86

Payments for non-routine supplies (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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Table 8a					
For HHAs that Do Not Submit the Required Quality Data -- CY 2010 NRS Conversion Factor					
CY 2009 NRS Conversion Factor	Adjusted to return the outlier funds that paid for the original 5% target for outlier payments	Adjusted to account for the 2.5% outlier policy	Multiply by the CY 2010 Home Health Market Basket (2.0%) minus 2% for a 0% update	Reduce by 2.75 Percent for Nominal Change in Case-Mix	CY 2010 NRS Conversion Factor for HHAs that Do Not submit required quality data
52.39	/ 0.95	X 0.975	X 1.00	X 0.9725	\$52.29

The payment amounts for the various severity levels based on the updated conversion factor are calculated in Table 8b.

Table 8b			
For HHAs that Do Not Submit the Required Quality Data -- Relative Weights for the 6-Severity NRS System			
Severity Level	Points (Scoring)	Relative Weight	NRS Payment Amount for HHAs that Do Not submit required quality data
1	0	0.2698	\$14.11
2	1 to 14	0.9742	\$50.94
3	15 to 27	2.6712	\$139.68
4	28 to 48	3.9686	\$207.52
5	49 to 98	6.1198	\$320.00
6	99+	10.5254	\$550.37

## Additional Information

If you have questions, please contact your Medicare RHHI/MAC at their toll-free number which may be found at

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<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip>  
on the CMS website.

The official instruction (CR6747) issued to your Medicare RHHI/MAC is available at <http://www.cms.hhs.gov/transmittals/downloads/R1864CP.pdf> on the CMS website.

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