

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



News Flash – The Medicare Learning Network® (MLN) Product Ordering System was recently upgraded to add new enhancements. You can now view an image of the product and access its downloadable version, if available, before placing your order. To access a new or revised product available for order in hard copy format, go to [MLN Products](#) and click on “MLN Product Ordering Page” under “Related Links” at the bottom of the web page.

MLN Matters® Number: MM8122

Related Change Request (CR) #: CR 8122

Related CR Release Date: November 16, 2012

Effective Date: January 1, 2013

Related CR Transmittal #: R2592CP

Implementation Date: January 7, 2013

Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2013

Provider Types Affected

This MLN Matters® Article is intended for physicians, other providers, and suppliers submitting claims to Medicare contractors (fiscal intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and A/B Medicare Administrative Contractors (A/B MACs) for services to Medicare beneficiaries.

Provider Action Needed

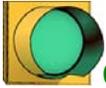


STOP – Impact to You

This article is based on Change Request (CR) 8122 which informs Medicare contractors about the changes and updates to the 60-day national episode rates, the national per-visit amounts, LUPA add-on amount, the non-routine medical supply payment amounts, the fixed dollar loss ratio, and the labor and non-labor percentages under the HH PPS for Calendar Year (CY) 2013.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2011 American Medical Association.



GO – What You Need to Do

Make sure that your billing staffs are aware of these changes. See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

The Affordable Care Act of 2010 mandated several changes to Section 1895(b) of the Social Security Act and, therefore, the HH PPS Update for CY 2013.

Section 1895 (b)(3)(B)(v) of the Social Security Act (the Act) provides that Medicare home health payments be updated by the applicable market basket percentage increase for CY 2013. Section 3401(e) of the Affordable Care Act amended Section 1895(b)(3)(B) of the Act by adding a new clause (vi) which states, "After determining the home health market basket percentage increase ... the Secretary shall reduce such percentage ... for each of 2011, 2012, and 2013, by 1 percentage point." The home health market basket percentage increase for CY 2013 is 2.3 percent. However, after reducing it by 1 percentage point as required by the Affordable Care Act, the CY 2013 HH PPS payment update percentage becomes 1.3 percent. In addition, Section 1895 (b)(3)(B)(v) of the Act requires that home health agencies (HHAs) report such quality data as determined by the Secretary. HHAs that do not report the required quality data will receive a 2 percent reduction to the home health payment update percentage of 1.3 percent for a final HH PPS payment update of -0.7 percent for CY 2013.

In addition, Section 3131(c) of the Affordable Care Act amended Section 421(a) of the Medicare Modernization Act (MMA), which was amended by Section 5201(b) of the DRA. The amended Section 421(a) of the MMA provides an increase of 3 percent of the payment amount otherwise made under Section 1895 of the Act for home health services furnished in a rural area (as defined in Section 1886(d)(2)(D) of the Act), with respect to episodes and visits ending on or after April 1, 2010, and before January 1, 2016. The statute waives budget neutrality related to this provision, as the statute specifically states that the Secretary shall not reduce the standard prospective payment amount (or amounts) under Section 1895 of the Act applicable to home health services furnished during a period to offset the increase in payments resulting in the application of this section of the statute.

Policy

1. Market Basket Update

The home health market basket update for CY 2013 is 2.3 percent. After reducing it by 1 percentage point as required by the Affordable Care Act, the CY 2013 HH PPS payment update percentage becomes 1.3 percent. HHAs that do not report the required quality data will receive a 2 percent reduction to the home health payment update percentage of 1.3 percent, for a final HH PPS payment update of -0.7 percent for CY 2013.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2011 American Medical Association.

2. Outlier payments

Section 3131(b) of the Affordable Care Act requires the following outlier policy: (1) target to pay no more than 2.5 percent of estimated total payments for outliers and (2) apply a 10 percent agency-level cap on outlier payments as a percentage of total HH PPS payments.

For CY 2013 and subsequent CYs, the total amount of the additional payments or payment adjustments made may not exceed 2.5 percent of the total payments projected or estimated to be made based on the PPS in that year as required by Section 1895(b)(5)(A) of the Act as amended by Section 3131(b)(2)(B) of the Affordable Care Act. Per Section 3131(b)(2)(C) of the Affordable Care Act, outlier payments to HHAs will be capped at 10 percent of that HHA's total HH PPS payments.

The loss-sharing ratio of 0.80 remains unchanged for CY 2013. However, the new fixed dollar loss ratio for CY 2013 is 0.45.

3. Rural Add-on

As stipulated in Section 3131(c) of the Affordable Care Act, the 3 percent rural add-on is applied to the national standardized 60-day episode rate, national per-visit rates, low utilization payment adjustment (LUPA) add-on payment, and non-routine medical supply (NRS) conversion factor when home health services are provided in rural (non-CBSA) areas.

Note: All of the information provided below contains references to Tables. These tables can be found in attachment contained in CR8122 (<http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2592CP.pdf> on the CMS website).

4. Payment Calculations & Rate Tables

For CY 2013, the labor related share is 78.535 percent and the non-labor related share is 21.465 percent when wage-adjusting all payments.

In order to calculate the CY 2013 national standardized 60-day episode payment rate, CMS will update the payment amount by the CY 2013 HH PPS payment update percentage of 1.3 percent (the 2.3 percent home health market basket update percentage minus 1 percentage point, per Section 3401(e)(2) of the Affordable Care Act).

CMS updated analysis of the change in case-mix that is not due to an underlying change in patient health status reveals an additional increase in nominal change in case-mix. Therefore, CMS will next reduce rates by 1.32 percent resulting in an updated CY 2013 national standardized 60-day episode payment rate. The updated CY 2013 national standardized 60-day episode payment rate for an HHA that submits the required quality data is shown in Table 1. These payments are further adjusted by the individual episode's case-mix weight and wage index.

The updated CY 2013 national standardized 60-day episode payment rate for an HHA that does not submit the required quality data is subject to a HH PPS payment update percentage of 1.3 percent reduced by 2 percentage points as shown in Table 2. These payments are further adjusted by the individual episode's case-mix weight and wage index.

In calculating the CY 2013 national per-visit rates used to calculate payments for LUPA episodes and to compute the imputed costs in outlier calculations, the CY 2012 national per-visit rates are updated

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2011 American Medical Association.

by the CY 2013 HH PPS payment update percentage of 1.3 percent for HHAs that submit quality data, and by 1.3 percent minus 2 percentage points (-0.7 percent) for HHAs that do not submit quality data.

The CY 2013 national per-visit rates per discipline are shown in Table 3. The six HH disciplines are as follows:

- Home Health Aide (HH aide);
- Medical Social Services (MSS);
- Occupational Therapy (OT);
- Physical Therapy (PT);
- Skilled Nursing (SN); and
- Speech Language Pathology Therapy (SLP).

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 2013 LUPA add-on payment is updated in Table 4.

Payments for non-routine supplies (NRS) are computed by multiplying the relative weight for a particular NRS severity level by the NRS conversion factor. The NRS conversion factor for CY 2013 payments is updated in Table 5a.

The payment amounts for the various NRS severity levels based on the updated conversion factor from Table 5a are shown in Table 5b.

The NRS conversion factor for HHAs that do not submit quality data is shown in Table 6a.

The payment amounts for the various NRS severity levels based on the updated conversion factor from Table 6a are shown in Table 6b.

The 3 percent rural add-on, per Section 3131(c) of the Affordable Care Act, is applied to the national standardized 60-day episode rate, national per-visit rates, LUPA add-on payment, and NRS conversion factor when home health services are provided in rural (non-Core Based Statistical Areas (CBSAs)). Refer to Tables 7 through 10b for these payment rates.

These changes will be implemented through the Home Health Pricer software found in Medicare contractor standard systems.

Additional Information

The official instruction, CR 8122 issued to your FI, RHHI and A/B MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2592CP.pdf> on the CMS website.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2011 American Medical Association.

If you have any questions, please contact your FI, RHHI or A/B 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.

Diabetes and the Seasonal Flu - November is National Diabetes Awareness Month. Diabetes can weaken the immune system, which can put seniors and others with diabetes at greater risk for flu-related complications like pneumonia. Medicare provides coverage for one seasonal influenza virus vaccine per influenza season for all Medicare beneficiaries. Medicare generally provides coverage of pneumococcal vaccination and its administration once in a lifetime for all Medicare beneficiaries. Medicare may provide coverage of additional pneumococcal vaccinations based on risk or uncertainty of beneficiary pneumococcal vaccination status. Medicare provides coverage for the seasonal flu and pneumococcal vaccines and their administration for seniors and others with Medicare with no co-pay or deductible. And remember, seasonal flu vaccine is particularly important for health care workers, who may spread the flu to their patients. Don't forget to immunize yourself and your staff. Protect your patients. Protect your family. Protect yourself. *Know what to do about the flu.*

Remember – The influenza vaccine plus its administration and the pneumococcal vaccine plus its administration are covered Part B benefits. The influenza vaccine and pneumococcal vaccine are NOT Part D-covered drugs. CMS has posted the 2012-2013 [Seasonal Influenza Vaccines Pricing](#) on the CMS website. You may also refer to the [MLN Matters® Article #MM8047](#), "Influenza Vaccine Payment Allowances - Annual Update for 2012-2013 Season."

For more information on coverage and billing of the flu vaccine and its administration, please visit the [CMS Medicare Learning Network® Preventive Services Educational Products](#) and [CMS Immunizations](#) web pages. And, while some providers may offer the flu vaccine, others can help their patients locate a vaccine provider within their local community. [HealthMap Vaccine Finder](#) is a free, online service where users can search for locations offering flu vaccines.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2011 American Medical Association.