

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services



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MLN Matters® Number: MM8969

Related Change Request (CR) #: CR 8969

Related CR Release Date: December 9, 2014

Effective Date: January 1, 2015

Related CR Transmittal #: R3145CP

Implementation Date: January 5, 2015

Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2015

Note: This article was revised on December 12, 2014, to reflect a updated Change Request (CR). That CR corrected the wage index budget neutrality factors listed in the Policy Section of the Recurring Update Notification. **The wage index budget neutrality factors listed in the payment rate tables were correct.** The transmittal number, CR release date link to the CR also was changed. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for Home Health Agencies (HHAs) submitting claims to Medicare Administrative Contractors (MACs) for services to Medicare beneficiaries.

Provider Action Needed

CR 8969 informs MACs about the changes and updates to the 60-day national episode rates, the national per-visit amounts, Low-Utilization Payment Adjustment (LUPA) add-on amounts, and the non-routine medical supply payment amounts under the HH PPS for Calendar Year (CY) 2015. Make sure that your billing staffs are aware of these changes.

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Background

The Affordable Care Act of 2010 mandated several changes to Section 1895(b) of the Social Security Act (or the Act) and hence the HH PPS Update for CY 2014.

Section 3131(a) of the Affordable Care Act mandates that, starting in CY 2014, the Secretary must apply an adjustment to the national, standardized 60-day episode payment rate and other amounts applicable under Section 1895(b)(3)(A)(i)(III) of the Act to reflect factors such as changes in the number of visits in an episode, the mix of services in an episode, the level of intensity of services in an episode, the average cost of providing care per episode, and other relevant factors. In addition, Section 3131(a) of the Affordable Care Act mandates that this rebasing must be phased in over a 4-year period in equal increments, not to exceed 3.5 percent of the amount (or amounts), as of the date of enactment, applicable under Section 1895(b)(3)(A)(i)(III) of the Act, and be fully implemented by CY 2017.

Also, 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 Deficit Reduction Act (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.

Market Basket Update

The Multi-Factor Productivity (MFP) adjusted Home Health (HH) market basket update for CY 2015 is 2.1 percent. HHAs that do not report the required quality data will receive a 2-percentage point reduction to the MFP adjusted HH market basket update of 2.1 percent for CY 2015.

National, Standardized 60-Day Episode Payment

As described in the CY 2015 final rule, to determine the CY 2015 national, standardized 60-day episode payment rate, the Centers for Medicare & Medicaid Services (CMS) starts with the CY 2014 national, standardized 60-day episode rate (\$2,869.27). CMS applies a wage index budget neutrality factor of 1.0024 and a case-mix weight budget neutrality factor of 1.0366. CMS then applies an \$80.95 reduction (which is 3.5 percent of the CY 2010 national, standardized 60-day episode rate of \$2,312.94). Lastly, the national, standardized 60-day episode payment rate is updated by the CY 2015 MFP adjusted HH market basket update of 2.1 percent for HHAs that do submit the required quality data and by 0.1 percent for HHAs that do **not** submit quality data. The updated CY 2015 national standardized 60-day episode payment rate for HHAs that do submit the required quality data is shown in

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Table 1 below and for HHAs that do not submit the required quality data are shown in Table 2 below. These payments are further adjusted by the individual episode's case-mix weight and wage index.

Table 1: For HHAs that DO Submit Quality Data -- National 60-Day Episode Amounts Updated by the MFP adjusted Home Health Market Basket Update for CY 2015 Before Case-Mix Adjustment, Wage Index Adjustment Based on the Site of Service for the Beneficiary

CY 2014 National, Standardized 60-Day Episode Payment	Wage Index Budget Neutrality Factor	Case-Mix Weights Budget Neutrality Factor	2015 Rebasing Adjustment	CY 2015 HH Payment Update Percentage	CY 2015 National, Standardized 60-Day Episode Payment
\$2,869.27	X 1.0024	X 1.0366	-\$80.95	X 1.021	=\$2,961.38

Table 2: For HHAs that DO NOT Submit Quality Data -- National 60-Day Episode Amounts Updated by the MFP adjusted Home Health Market Basket Update for CY 2015 Before Case-Mix Adjustment, Wage Index Adjustment Based on the Site of Service for the Beneficiary

CY 2014 National, Standardized 60-Day Episode Payment	Wage Index Budget Neutrality Factor	Case-Mix Weights Budget Neutrality Factor	2015 Rebasing Adjustment	CY 2015 HH Payment Update Percentage minus 2 Percentage Points	CY 2015 National, Standardized 60-Day Episode Payment
\$2,869.27	X 1.0024	X 1.0366	-\$80.95	X 1.001	=\$2,903.37

National Per-Visit Rates

To calculate the CY 2015 national per-visit payment rates, CMS starts with the CY 2014 national per-visit rates. CMS applies a wage index budget neutrality factor of 1.0012 to ensure budget neutrality for LUPA per-visit payments after applying the CY 2014 wage index, and then applies the maximum rebasing adjustments to the 2014 per-visit rates. The per-visit rates for each discipline are then updated by the MFP adjusted CY 2015 HH market basket update of 2.1 percent for HHAs that do submit the required quality data and by 0.1 percent for HHAs that do not submit quality data. The CY 2015 national per-visit rates per discipline for HHAs that do submit the required quality data are shown in

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Table 3 below and for HHAs that do not submit the required quality data are shown in Table 4 below.

Table 3: For HHAs that DO Submit Quality Data – CY 2015 National Per-Visit Amounts for LUPAs and Outlier Calculations Updated by the MFP adjusted HH Market Basket Update, Before Wage Index Adjustment

HH Discipline Type	CY 2014 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2015 Rebasing Adjustment	CY 2015 HH Payment Update Percentage	CY 2015 Per-Visit Payment
Home Health Aide	\$54.84	X 1.0012	+\$1.79	X 1.021	\$57.89
Medical Social Services	\$194.12	X 1.0012	+\$6.34	X 1.021	\$204.91
Occupational Therapy	\$133.30	X 1.0012	+\$4.35	X 1.021	\$140.70
Physical Therapy	\$132.40	X 1.0012	+\$4.32	X 1.021	\$139.75
Skilled Nursing	\$121.10	X 1.0012	+\$3.96	X 1.021	\$127.83
Speech- Language Pathology	\$143.88	X 1.0012	+\$4.70	X 1.021	\$151.88

Table 4: For HHAs that DO NOT Submit Quality Data – CY 2015 National Per-Visit Amounts for LUPAs and Outlier Calculations Updated by the MFP adjusted HH Market Basket Update, Before Wage Index Adjustment

HH Discipline Type	CY 2014 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2015 Rebasing Adjustment	CY 2015 HH Payment Update Percentage Minus 2 Percentage Points	CY 2015 Per-Visit Payment
Home Health Aide	\$54.84	X 1.0012	+\$1.79	X 1.001	\$56.75
Medical Social Services	\$194.12	X 1.0012	+\$6.34	X 1.001	\$200.89
Occupational Therapy	\$133.30	X 1.0012	+\$4.35	X 1.001	\$137.95
Physical Therapy	\$132.40	X 1.0012	+\$4.32	X 1.001	\$137.02
Skilled Nursing	\$121.10	X 1.0012	+\$3.96	X 1.001	\$125.33
Speech- Language Pathology	\$143.88	X 1.0012	+\$4.70	X 1.001	\$148.90

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Low-Utilization Payment Adjustment Add-On Payments

Low-Utilization Payment Adjustment (LUPA) episodes that occur as initial episodes in a sequence of adjacent episodes or as the only episode receive an additional payment. Beginning in CY 2014, CMS calculates the payment for the first visit in a LUPA episode by multiplying the per-visit rate by a LUPA add-on factor specific to the type of visit (skilled nursing, physical therapy, or speech-language pathology). The specific requirements for the new LUPA add-on calculation are described in Transmittal 2796 dated September 27, 2013. The CY 2015 LUPA add-on adjustment factors are displayed in Table 5.

Table 5: CY 2015 LUPA Add-On factors

HH Discipline Type	
Skilled Nursing	1.8451
Physical Therapy	1.6700
Speech-Language Pathology	1.6266

Non-Routine Supply Payments

Payments for Non-Routine Supplies (NRS) are computed by multiplying the relative weight for a particular NRS severity level by the NRS conversion factor. To determine the CY 2015 NRS conversion factor, CMS starts with the CY 2014 NRS conversion factor (\$53.65) and applies a 2.82 percent rebasing adjustment calculated in the CY 2015 final rule ($1 - 0.0282 = 0.9718$). CMS then updates the conversion factor by the MFP adjusted HH market basket update of 2.1 percent for HHAs that do submit the required quality data and by 0.1 percent for HHAs that do not submit quality data. CMS does not apply a standardization factor as the NRS payment amount calculated from the conversion factor is not wage or case-mix adjusted when the final claim payment amount is computed. The NRS conversion factor for CY 2015 payments for HHAs that do submit the required quality data is shown in Table 6a and the payment amounts for the various NRS severity levels are shown in Table 6b. The NRS conversion factor for CY 2015 payments for HHAs that do **not** submit quality data is shown in Table 7a and the payment amounts for the various NRS severity levels are shown in Table 7b.

Table 6a: CY 2015 NRS Conversion Factor for HHAs that DO Submit the Required Quality Data

CY 2014 NRS Conversion Factor	2015 Rebasing Adjustment	CY 2015 HH Payment Update Percentage	CY 2015 NRS Conversion Factor
\$53.65	X 0.9718	X 1.021	\$53.23

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Table 6b: CY 2015 Relative Weights and Payment Amounts for the 6-Severity NRS System for HHAs that DO Submit Quality Data

Severity Level	Points (Scoring)	Relative Weight	CY 2015 NRS Payment Amount
1	0	0.2698	\$14.36
2	1 to 14	0.9742	\$51.86
3	15 to 27	2.6712	\$142.19
4	28 to 48	3.9686	\$211.25
5	49 to 98	6.1198	\$325.76
6	99+	10.5254	\$560.27

Table 7a: CY 2015 NRS Conversion Factor for HHAs that DO NOT Submit the Required Quality Data

CY 2014 NRS Conversion Factor	2015 Rebasing Adjustment	CY 2015 HH Payment Update Percentage minus 2 Percentage Points	CY 2015 NRS Conversion Factor
\$53.65	X 0.9718	X 1.001	\$52.19

Table 7b: CY 2015 Relative Weights and Payment Amounts for the 6-Severity NRS System for HHAs that DO NOT Submit Quality Data

Severity Level	Points (Scoring)	Relative Weight	CY 2015 NRS Payment Amount
1	0	0.2698	\$14.08
2	1 to 14	0.9742	\$50.84
3	15 to 27	2.6712	\$139.41
4	28 to 48	3.9686	\$207.12
5	49 to 98	6.1198	\$319.39
6	99+	10.5254	\$549.32

Rural Add-on

Section 3131(c) of the Affordable Care Act applies a 3 percent rural add-on to the national standardized 60-day episode rate, national per-visit payment rates, LUPA add-on payments, and the NRS conversion factor when home health services are provided in rural (non-

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CBSA) areas for episodes and visits ending on or after April 1, 2010, and before January 1, 2016. The following tables show the CY 2015 rural payment rates.

Table 8a: CY 2015 Payment Amounts for 60-Day Episodes for Services Provided in a Rural Area before Case-Mix and Wage Index Adjustment for HHAs that DO Submit Quality Data

CY 2015 National, Standardized 60-Day Episode Payment Rate	Multiply by the 3 Percent Rural Add-On	CY 2015 Rural National, Standardized 60-Day Episode Payment Rate
\$2,961.38	X 1.03	\$3,050.22

Table 8b: CY 2015 Payment Amounts for 60-Day Episodes for Services Provided in a Rural Area before Case-Mix and Wage Index Adjustment for HHAs that DO NOT Submit Quality Data

CY 2015 National Standardized 60-Day Episode Payment Rate	Multiply by the 3 Percent Rural Add-On	CY 2015 Rural National, Standardized 60-Day Episode Payment Rate
\$2,903.37	X 1.03	\$2,990.47

Table 9a: CY 2015 Per-Visit Amounts for Services Provided in a Rural Area, Before Wage Index Adjustment for HHAs that DO Submit Quality Data

Home Health Discipline Type	CY 2015 Per-visit rate	Multiply by the 3 Percent Rural Add-On	CY 2015 Rural per-visit rate
HH Aide	\$57.89	X 1.03	\$59.63
MSS	\$204.91	X 1.03	\$211.06
OT	\$140.70	X 1.03	\$144.92
PT	\$139.75	X 1.03	\$143.94
SN	\$127.83	X 1.03	\$131.66
SLP	\$151.88	X 1.03	\$156.44

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Table 9b: CY 2015 Per-Visit Amounts for Services Provided in a Rural Area, Before Wage Index Adjustment for HHAs that DO NOT submit quality data

Home Health Discipline Type	CY 2015 Per-visit rate	Multiply by the 3 Percent Rural Add-On	CY 2015 Rural per-visit rate
HH Aide	\$56.75	X 1.03	\$58.45
MSS	\$200.89	X 1.03	\$206.92
OT	\$137.95	X 1.03	\$142.09
PT	\$137.02	X 1.03	\$141.13
SN	\$125.33	X 1.03	\$129.09
SLP	\$148.90	X 1.03	\$153.37

Table 10a: CY 2015 Conversion Factor for Services Provided in Rural Areas for HHAs that DO Submit Quality Data

CY 2015 Conversion Factor	Multiply by the 3 Percent Rural Add-On	CY 2015 Rural Conversion Factor
\$53.23	X 1.03	\$54.83

Table 10b: CY 2015 Conversion Factor for Services Provided in Rural Areas for HHAs that DO NOT Submit Quality Data

CY 2015 Conversion Factor	Multiply by the 3 Percent Rural Add-On	CY 2015 Rural Conversion Factor
\$52.19	X 1.03	\$53.76

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Table 10c: CY 2015 Relative Weights and Payment Amounts for the 6-Severity NRS System for Services Provided in Rural Areas for HHAs that DO submit quality data

Severity Level	Points (Scoring)	Relative Weight	Total CY 2015 NRS Payment Amount for Rural Areas
1	0	0.2698	\$14.79
2	1 to 14	0.9742	\$53.42
3	15 to 27	2.6712	\$146.46
4	28 to 48	3.9686	\$217.60
5	49 to 98	6.1198	\$335.55
6	99+	10.5254	\$577.11

Table 10d: CY 2015 Relative Weights and Payment Amounts for the 6-Severity NRS System for Services Provided in Rural Areas for HHAs that DO NOT submit quality data

Severity Level	Points (Scoring)	Relative Weight	Total CY 2015 NRS Payment Amount for Rural Areas
1	0	0.2698	\$14.50
2	1 to 14	0.9742	\$52.37
3	15 to 27	2.6712	\$143.60
4	28 to 48	3.9686	\$213.35
5	49 to 98	6.1198	\$329.00
6	99+	10.5254	\$565.85

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

HHAs should remember to:

- Submit the Core Based Statistical Area (CBSA) code or special wage index code corresponding to the state and county of the beneficiary's place of residence in value code 61 on home health Requests for Anticipated Payments (RAPs) and claims;

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- Use the wage index table attached to CR8969, which associates states and counties to CBSA codes (codes in the range 10020 – 49780 and 999xx rural state codes) to determine the code to report in value code 61;
- Use the codes in the range 50xxx in the wage index table attached to CR8969 to determine the code to report in value code 61 if the provider serves beneficiaries in areas where there is more than one unique CBSA due to the wage index transition.

Additional Information

The official instruction, CR8969, issued to your MAC regarding this change, is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3145CP.pdf> on the CMS website.

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