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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-20 One-Time Notification | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 2051 | Date: April 4, 2018 |
| | Change Request 10531 |

Transmittal 2047, dated March 20, 2018, is being rescinded and replaced by Transmittal 2051, dated, April 4, 2018 to include page 2 of Attachment B Rural Add on Rate Tables. All other information remains the same.

SUBJECT: Claims Processing Actions to Implement Certain Provisions of the Bipartisan Budget Act of 2018

I. SUMMARY OF CHANGES: The purpose of this CR is to provide direction to reprocess claims related to several provisions of the Bipartisan Budget Act of 2018, referred to as Medicare Extenders.

EFFECTIVE DATE: January 1, 2018

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: April 2, 2018 - date to begin reprocessing claims

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

| R/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|--------------|---|
| N/A | N/A |

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding

continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

| | | | |
|-------------|-------------------|---------------------|-----------------------|
| Pub. 100-20 | Transmittal: 2051 | Date: April 4, 2018 | Change Request: 10531 |
|-------------|-------------------|---------------------|-----------------------|

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SUBJECT: Claims Processing Actions to Implement Certain Provisions of the Bipartisan Budget Act of 2018

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IMPLEMENTATION DATE: April 2, 2018 - date to begin reprocessing claims

I. GENERAL INFORMATION

A. Background: On February 9, 2018, Congress passed the Bipartisan Budget Act of 2018 which contains a number of provisions that extend certain Medicare Fee For Service (FFS) policies, including Ambulance add-on payment provisions, the Work GPCI Floor, and the 3% HH Rural Add-on Payment. In addition, the Act permanently repeals the outpatient therapy caps beginning on January 1, 2018, while retaining the requirement to submit the KX modifier for services in excess of the prior cap amounts. Due to the retroactive effective dates of these provisions, various Medicare FFS claims shall be reprocessed. This Change Request (CR) provides guidance to Medicare Administrative Contractors (MACs) regarding Medicare FFS claims reprocessing requirements and timeframes.

Section 421(a) of the Medicare Modernization Act (MMA), as amended by section 50208 of the Act, 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, 2019. 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.

As a result of the Work GPCI floor changes, certain Federally Qualified Health Center (FQHC) Geographic Adjustment Factors (GAFs) will change, which may result in a change to some FQHC payments. For Inpatient Prospective Payment System (IPPS) hospitals, temporary changes to the low-volume hospital payment adjustment and the Medicare-Dependent hospital (MDH) program have been extended. In addition, for the Long-Term Care Hospital Prospective Payment (LTCH PPS), the blended payment rate for site-neutral payment rate cases is extended for certain LTCH hospital discharges. Separate instructions addressing these payment updates are forthcoming.

B. Policy: A previously issued Technical Direction Letter (TDL) issued on January 25, 2018 instructed MACs to release for processing held therapy claims with the KX modifier with dates of receipt January 1-10, 2018. MACs were also instructed to institute a "rolling hold" for all new therapy claims with the KX modifier. Another TDL issued on February 12, 2018 provided direction regarding new MPFS files and abstract files due to the extension of the Work GPCI Floor, as well as a revised 2018 Ambulance Fee Schedule (AFS) file. MACs were also instructed to ensure legislative effective indicators were set correctly in Medicare systems to apply therapy policies. Given that legislation has been enacted, MACs are being instructed to reprocess effected claims that were processed using the previous MPFS files. Additionally, the February 12, 2018 TDL provided instructions to contractors to refer to an attachment to determine the correct dates to update each of the indicators in the SPITAB table. After that instruction was issued, it was discovered that one of the dates was invalid. That error has been corrected and MACs are being instructed to reprocess effected claims.

As stipulated in section 421(a) of the MMA, the 3 percent rural add-on is applied to the national, standardized 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-CBSA) areas for episodes and visits ending on or after April 1, 2010, and before January 1, 2019. Refer to Tables 1 through 4 of the Attachment for the CY 2018 rural payment rates.

Section 1848(e)(1)(E) of the Social Security Act stipulates that after calculating the work geographic index for purposes of Physician Fee Schedule payment for services furnished, the Secretary shall increase the work geographic index to 1.00 for any locality for which such work geographic index is less than 1.00. This provision expired on December 31, 2017 and the locality-specific anesthesia conversion factors for CY 2018 were calculated without this work geographic index floor of 1.00 in place. Section 50201 of the Bipartisan Budget Act of 2018 restored the work geographic index floor of 1.00 and retroactively dated this restoration to January 1, 2018. In accordance with the law, we have updated the locality-specific anesthesia conversion factors for CY 2018 to include the work geographic index floor of 1.00. These updated locality-specific anesthesia conversion factors also have a retroactive effective date of January 1, 2018. MACs shall implement the new Anesthesia Conversion Factor file identified below.

Additionally, contractors shall be aware that Section 1848(b)(4) of the Social Security Act limits MPFS payment for the technical portion of most imaging procedures to the amount paid under the OPFS system. This policy applies to the technical component (and technical portion of global payment) of imaging services, including X-ray, ultrasound, nuclear medicine, MRI, CT, and fluoroscopy services. The MPFS payment rates for some of these services does not reflect the most recent updates to the OPFS rates that were updated through a technical correction notice in December of 2017. These rates are being corrected in new MPFS files indicated in the TDL issued on February 12, 2018, which also contain the updates for the GPCI. This correction is unrelated to the passage of this Act, but CMS is taking the opportunity to address this issue now since new MPFS files are required as a result of the Act.

II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility | | | | | | | | | | |
|-----------|--|----------------|---|-------------|-------------|----------------------------------|------------------|-------------|-------------|-------|-------------|--|
| | | A/B MAC | | | D M E | Shared- System Maintainers | | | | Other | | |
| | | A | B | H H H | | M A C | F I S S | M C S | V M S | | C W F | |
| | which cannot be automatically reprocessed only if brought to your attention. | | | | | | | | | | | |
| 10531.6 | Contractors shall automatically reprocess Anesthesia claims for localities and States impacted by the Work GPCI Floor fee increase for dates of service in calendar year 2018. Please refer to the chart in Attachment A - Localities and States Impacted by the Work GPCI Floor – 2018. | X | X | | | | | | | | | |
| 10531.6.1 | Contractors shall reprocess Anesthesia claims for localities and States impacted by the Work GPCI Floor fee increase for dates of service in calendar year 2018 which cannot be automatically reprocessed only if brought to your attention. Please refer to the chart in Attachment A - Localities and States Impacted by the Work GPCI Floor – 2018. | X | X | | | | | | | | | |
| 10531.7 | Contractors shall begin reprocessing affected claims as soon as possible. Contractors shall ensure all reprocessing actions have been initiated within: <ul style="list-style-type: none"> • six months of the issuance date of this CR for therapy and MPFS adjustments • six months of the issuance date of this CR for ground ambulance service claims with a date of service on or after 1/1/2018 • six months of the implementation date of the Pricer for HH rural add-on adjustments • six months of the issuance date of this CR for OPFS adjustments • six months of the issuance date of this CR for Anesthesia adjustments | X | X | X | | | | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | |
|---------|---|----------------|---|-------------|-------------|
| | | A/B MAC | | | D M E |
| | | A | B | H H H | M A C |
| 10531.8 | MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | X | X | X | |

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
| | |

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Wil Gehne, wilfried.gehne@cms.hhs.gov (For institutional claims issues) , Mark Baldwin, mark.baldwin@cms.hhs.gov (For professional claims issues)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 2

*Attachment A - Localities and States Impacted by the Work GPCI Floor -
2018*

| Contractor | Locality | Locality Name | State | 2018 Work GPCI | Current Work GPCI |
|-------------------|-----------------|---------------------------------|--------------|-------------------------------|----------------------------------|
| 10102 | 00 | ALABAMA | ALABAMA | 1.000 | 0.979 |
| 03102 | 00 | ARIZONA | ARIZONA | 1.000 | 0.979 |
| 07102 | 13 | ARKANSAS | ARKANSAS | 1.000 | 0.979 |
| 04112 | 01 | COLORADO | COLORADO | 1.000 | 0.996 |
| 09102 | 03 | FORT LAUDERDALE, FL | FLORIDA | 1.000 | 0.983 |
| 09102 | 04 | MIAMI, FL | FLORIDA | 1.000 | 0.990 |
| 09102 | 99 | REST OF FLORIDA | FLORIDA | 1.000 | 0.975 |
| 10202 | 01 | ATLANTA, GA | GEORGIA | 1.000 | 0.998 |
| 10202 | 99 | REST OF GEORGIA | GEORGIA | 1.000 | 0.980 |
| 02202 | 00 | IDAHO | IDAHO | 1.000 | 0.962 |
| 06102 | 12 | EAST ST. LOUIS, IL | ILLINOIS | 1.000 | 0.984 |
| 06102 | 99 | REST OF ILLINOIS | ILLINOIS | 1.000 | 0.982 |
| 08102 | 00 | INDIANA | INDIANA | 1.000 | 0.969 |
| 05102 | 00 | IOWA | IOWA | 1.000 | 0.969 |
| 05202 | 00 | KANSAS | KANSAS | 1.000 | 0.966 |
| 15102 | 00 | KENTUCKY | KENTUCKY | 1.000 | 0.974 |
| 07202 | 01 | NEW ORLEANS, LA | LOUISIANA | 1.000 | 0.987 |
| 07202 | 99 | REST OF LOUISIANA | LOUISIANA | 1.000 | 0.977 |
| 14112 | 03 | SOUTHERN MAINE | MAINE | 1.000 | 0.980 |
| 14112 | 99 | REST OF MAINE | MAINE | 1.000 | 0.970 |
| 08202 | 99 | REST OF MICHIGAN | MICHIGAN | 1.000 | 0.978 |
| 06202 | 00 | MINNESOTA | MINNESOTA | 1.000 | 0.998 |
| 07302 | 00 | MISSISSIPPI | MISSISSIPPI | 1.000 | 0.961 |
| 05302 | 02 | METROPOLITAN KANSAS CITY, MO | MISSOURI | 1.000 | 0.984 |
| 05302 | 01 | METROPOLITAN ST. LOUIS, MO | MISSOURI | 1.000 | 0.985 |
| 05302 | 99 | REST OF MISSOURI | MISSOURI | 1.000 | 0.961 |
| 03202 | 01 | MONTANA *** | MONTANA *** | 1.000 | 0.965 |
| 05402 | 00 | NEBRASKA | NEBRASKA | 1.000 | 0.970 |

| | | | | | |
|-------|----|----------------------|------------------|-------|-------|
| 14312 | 40 | NEW HAMPSHIRE | NEW HAMPSHIRE | 1.000 | 0.991 |
| 04212 | 05 | NEW MEXICO | NEW MEXICO | 1.000 | 0.982 |
| 13282 | 99 | REST OF NEW YORK | REST OF NEW YORK | 1.000 | 0.987 |
| 11502 | 00 | NORTH CAROLINA | NORTH CAROLINA | 1.000 | 0.975 |
| 03302 | 01 | NORTH DAKOTA *** | NORTH DAKOTA *** | 1.000 | 0.978 |
| 15202 | 00 | OHIO | OHIO | 1.000 | 0.990 |
| 04312 | 00 | OKLAHOMA | OKLAHOMA | 1.000 | 0.961 |
| 02302 | 99 | REST OF OREGON | OREGON | 1.000 | 0.991 |
| 12502 | 99 | REST OF PENNSYLVANIA | PENNSYLVANIA | 1.000 | 0.990 |
| 09202 | 20 | PUERTO RICO | PUERTO RICO | 1.000 | 0.998 |
| 11202 | 01 | SOUTH CAROLINA | SOUTH CAROLINA | 1.000 | 0.977 |
| 03402 | 02 | SOUTH DAKOTA *** | SOUTH DAKOTA *** | 1.000 | 0.961 |
| 10302 | 35 | TENNESSEE | TENNESSEE | 1.000 | 0.976 |
| 04412 | 31 | AUSTIN, TX | TEXAS | 1.000 | 0.994 |
| 04412 | 20 | BEAUMONT, TX | TEXAS | 1.000 | 0.985 |
| 04412 | 99 | REST OF TEXAS | TEXAS | 1.000 | 0.990 |
| 03502 | 09 | UTAH | UTAH | 1.000 | 0.980 |
| 14512 | 50 | VERMONT | VERMONT | 1.000 | 0.979 |
| 11302 | 00 | VIRGINIA | VIRGINIA | 1.000 | 0.992 |
| 09202 | 50 | VIRGIN ISLANDS | VIRGIN ISLANDS | 1.000 | 0.998 |
| 02402 | 99 | REST OF WASHINGTON | WASHINGTON | 1.000 | 0.997 |
| 11402 | 16 | WEST VIRGINIA | WEST VIRGINIA | 1.000 | 0.966 |
| 06302 | 00 | WISCONSIN | WISCONSIN | 1.000 | 0.983 |
| 03602 | 21 | WYOMING*** | WYOMING*** | 1.000 | 0.983 |

Attachment:

| Table 1 | | | | | |
|---|--|--|--|--|--|
| CY 2018 National, Standardized 60-Day Payment Amounts for Services Provided in a Rural Area | | | | | |
| For HHAs that DO Submit Quality Data | | | For HHAs that DO NOT Submit Quality Data | | |
| CY 2018 National, Standardized 60-Day Episode Payment Rate | Multiply by the 3 Percent Rural Add-On | CY 2018 Rural National, Standardized 60-Day Episode Payment Rate | CY 2018 National, Standardized 60-Day Episode Payment Rate | Multiply by the 3 Percent Rural Add-On | CY 2018 Rural National, Standardized 60-Day Episode Payment Rate |
| \$3,039.64 | X 1.03 | \$3,130.83 | \$2,979.45 | X 1.03 | \$3,068.83 |

| Table 2 | | | | | | |
|--|---|--|-------------------------------|---|--|-------------------------------|
| CY 2018 National Per-Visit Amounts for Services Provided in a Rural Area | | | | | | |
| HH Discipline Type | For HHAs that DO submit quality data | | | For HHAs that DO NOT submit quality data | | |
| | CY 2018 Per-visit rate | Multiply by the 3 Percent Rural Add-On | CY 2018 Rural Per-Visit Rates | CY 2018 Per-visit rate | Multiply by the 3 Percent Rural Add-On | CY 2018 Rural Per-Visit Rates |
| HH Aide | \$64.94 | X 1.03 | \$66.89 | \$63.65 | X 1.03 | \$65.56 |
| MSS | \$229.86 | X 1.03 | \$236.76 | \$225.31 | X 1.03 | \$232.07 |
| OT | \$157.83 | X 1.03 | \$162.56 | \$154.70 | X 1.03 | \$159.34 |
| PT | \$156.76 | X 1.03 | \$161.46 | \$153.65 | X 1.03 | \$158.26 |
| SN | \$143.40 | X 1.03 | \$147.70 | \$140.56 | X 1.03 | \$144.78 |
| SLP | \$170.38 | X 1.03 | \$175.49 | \$167.00 | X 1.03 | \$172.01 |

| Table 3a | | | | | |
|--|--|-------------------------------------|---|--|-------------------------------------|
| CY 2018 NRS Conversion Factor for Services Provided in Rural Areas | | | | | |
| For HHAs that DO submit quality data | | | For HHAs that DO NOT submit quality data | | |
| CY 2018 Conversion Factor | Multiply by the 3 Percent Rural Add-On | CY 2018 Rural NRS Conversion Factor | CY 2018 Conversion Factor | Multiply by the 3 Percent Rural Add-On | CY 2018 Rural NRS Conversion Factor |
| \$53.03 | X 1.03 | \$54.62 | \$51.98 | X 1.03 | \$53.54 |

| Table 3b | | | | | |
|---|------------------|---|---|---|---|
| CY 2018 Relative Weights and Payment Amounts for the 6-Severity NRS System for Services Provided in Rural Areas | | | | | |
| Severity Level | Points (Scoring) | For HHAs that DO submit quality data | | For HHAs that DO NOT submit quality data | |
| | | Relative Weight | CY 2018 NRS Payment Amounts for Rural Areas | Relative Weight | CY 2018 NRS Payment Amounts for Rural Areas |
| 1 | 0 | 0.2698 | \$14.74 | 0.2698 | \$14.44 |
| 2 | 1 to 14 | 0.9742 | \$53.21 | 0.9742 | \$52.16 |
| 3 | 15 to 27 | 2.6712 | \$145.90 | 2.6712 | \$143.01 |
| 4 | 28 to 48 | 3.9686 | \$216.77 | 3.9686 | \$212.48 |
| 5 | 49 to 98 | 6.1198 | \$334.27 | 6.1198 | \$327.65 |
| 6 | 99+ | 10.5254 | \$574.91 | 10.5254 | \$563.52 |

| Table 4 | | | | | | |
|---|--|--|-------------------------------|--|--|-------------------------------|
| Cost-Per-Unit Payment Rates for the Calculation of Outlier Payments | | | | | | |
| HH Discipline | For HHAs that DO Submit the Required Quality Data | | | For HHAs that DO NOT Submit the Required Quality Data | | |
| | Cost-per-unit (1 unit = 15 minutes) | Multiply by the 3 Percent Rural Add-On | Cost-per-unit for Rural Areas | Cost-per-unit (1 unit = 15 minutes) | Multiply by the 3 Percent Rural Add-On | Cost-per-unit for Rural Areas |
| Home Health Aide | \$15.46 | X 1.03 | \$15.92 | \$15.15 | X 1.03 | \$15.60 |
| Medical Social Services | \$61.02 | X 1.03 | \$62.85 | \$59.82 | X 1.03 | \$61.61 |
| Occupational Therapy | \$50.26 | X 1.03 | \$51.77 | \$49.27 | X 1.03 | \$50.75 |
| Physical Therapy | \$50.46 | X 1.03 | \$51.97 | \$49.46 | X 1.03 | \$50.94 |
| Skilled Nursing | \$48.01 | X 1.03 | \$49.45 | \$47.06 | X 1.03 | \$48.47 |
| Speech- Language Pathology | \$53.13 | X 1.03 | \$54.72 | \$52.08 | X 1.03 | \$53.64 |