

CMS Manual System

Pub 100-20 One-Time Notification

Transmittal 211

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Date: FEBRUARY 10, 2006

Change Request 4282

SUBJECT: Temporary 5 Percent Payment Increase for Home Health Services Furnished in a Rural Area for One Year Under the Home Health Prospective Payment System (HH PPS), Change of the HH PPS Calendar Year (CY) 2006 Update from that of 2.8 Percent Update (Home Health Market Basket Update of 3.6 Minus 0.8 Percentage Point) to that of a Zero Percent Update

I. SUMMARY OF CHANGES: Section 5201 of the Deficit Reduction Act (DRA), implements the following new policies related to the Home Health Prospective Payment System (HH PPS). Specifically, Section 5201 of the DRA freezes HH PPS rates for CY 2006 at the CY 2005 rate (a zero percent update). Section 5201 of the DRA also modifies Section 421(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 by reinstating a 5 percent payment increase for home health services furnished in a rural area with respect to episodes and visits beginning on or after January 1, 2006 and before January 1, 2007.

NEW/REVISED MATERIAL:

EFFECTIVE DATE : January 1, 2006

IMPLEMENTATION DATE : February 13, 2006

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

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

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment –One-Time Notification

Pub. 100-20	Transmittal: 211	Date: February 10, 2006	Change Request 4282
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SUBJECT: Temporary 5 Percent Payment Increase for Home Health Services Furnished in a Rural Area for One Year Under the Home Health Prospective Payment System (HH PPS), and Change of the HH PPS Calendar Year (CY) 2006 Update to that of a Zero Percent Update

I. GENERAL INFORMATION

A. Background: These changes are required by Section 5201 of the Deficit Reduction Act (DRA) of 2005. At the present time, calendar year (CY) 2006 rates are scheduled to be set by increasing the CY2005 HH PPS rates by 2.8 percent, per the recently published home health final rule on November 9, 2005. Also, at the present time, there is no adjustment to the HH PPS rates for services provided in a rural area.

B. Policy: The new policies are set forth by Section 5201 of the DRA. Section 5201 of the DRA freezes HH PPS rates for CY2006 at the CY2005 rate (a zero percent update). Section 5201 of the DRA also modifies Section 421(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 by reinstating a 5 percent payment increase for home health services furnished in a rural area with respect to episodes and visits beginning on or after January 1, 2006 and before January 1, 2007. For CY 2006, Medicare continues to apply the design and case mix methodology described in section III.G of the HH PPS July 3, 2000, final rule (65 FR 41192 through 41203). The labor adjustment to the PPS rates will continue to be based on the site of service of the beneficiary as set forth in the Code of Federal Regulations at 42 CFR 484.220 and 484.230. This labor adjustment is applied to both per-episode and per-visit payment calculations.

All other provisions of the HH PPS final rule published on November 9, 2005 are still valid. CMS is still implementing the new area labor market designations, allowing for a 1-year transition period in which a blend of 50 percent of the new area labor market designations' wage index and 50 percent of the previous area labor market designations' wage index will be implemented. CMS is also still revising the fixed dollar loss ratio, which is used in the calculation of outlier payments, from 0.70 in CY 2005 to 0.65 for CY 2006.

Section 5201 of the DRA freezes rates for CY 2006 at the CY 2005 rate. The final prospective payment amount per 60-day episode for CY 2006 (episodes ending on or after January 1, 2006, and before January 1, 2007) is \$2,264.28. The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, are subsequently applied to this amount.

Total prospective payment amount per 60-day episode for CY 2005	0 Percent Update per DCA of 2005	Total prospective payment amount per 60-day episode for CY 2006
\$ 2,264.28	-	\$2,264.28

The national standardized per visit amounts for CY 2006 (episodes ending on or after January 1, 2006, and before January 1, 2007) used to pay episodes with a low utilization payment adjustment (LUPA) are as follows:

Home Health Discipline Type	Total prospective payment amount per 60-day episode for CY 2005	0 Percent Update	Total prospective payment amount per 60-day episode for CY2006
Home Health Aide	\$ 44.76	-	\$ 44.76
Medical Social Services	\$158.45	-	\$158.45
Occupational Therapy	\$108.81	-	\$108.81
Physical Therapy	\$108.08	-	\$108.08
Skilled Nursing	\$ 98.85	-	\$ 98.85
Speech-Pathology	\$117.44	-	\$117.44

Section 5201 of the DRA also provides for a 5 percent payment increase for home health services furnished in a rural area with respect to episodes and visits beginning on or after January 1, 2006 and before January 1, 2007. To calculate the 5 percent rural payment increase for home health episode beginning on or after January 1, 2006, and before January 1, 2007, multiply the total standardized prospective payment amount per 60-day episode by 5 percent when the site of service of the beneficiary is a non-MSA area. For a beneficiary whose site of service is a rural (non-MSA/non-CBSA) area, the final prospective payment amount for episodes beginning on or after January 1, 2006, and before January 1, 2007 is \$2,377.49. The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, are subsequently applied to this amount.

Total prospective payment amount per 60-day episode for CY 2005	Multiplied by 5 percent rural increase	Total prospective payment amount per 60-day episode for CY 2006 for a beneficiary who resides in a rural, non-MSA/non-CBSA area
\$ 2,264.28	1.05	\$2,377.49

In the case of an episode with four or fewer visits, the LUPA applies. In order to calculate the 5 percent rural payment increase for LUPA episodes beginning on or after January 1, 2006, and before January 1, 2007, multiply the final standardized per visit payment amounts for each of the home health discipline amounts by 5 percent for beneficiaries who reside in a rural (non-MSA/non-CBSA) area. The applicable case mix adjustment, as well as the applicable wage index adjustment published in the home health final rule on November 9, 2005, are subsequently applied to these amounts.

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4282.4	Medicare systems shall identify episodes that qualify for the 5 percent rural add-on using CBSA codes that begin with '999.'									HH Pricer
4282.5	Immediately after installing the new HH PPS Pricer, Medicare contractors shall release any HH PPS claims that were held pending the legislation.		X							
4282.6	Medicare Contractors shall adjust HH PPS claims with “Through” dates on or after January 1, 2006 that paid under the previous pricer to re-process those claims through the new pricer and correct their payment.		X							
4282.6.1	Contractors shall complete the reprocessing of those claims by July 1, 2006.		X							

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4282.7	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn		X							

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.								

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
4282.1	The table of HIPPS code weights in HH Pricer will not be updated.
4282.2 and 4282.3	Claim statement “From “ and “Through” dates are reported in FL6 of the UB-92 claim form (or its electronic equivalent).

B. Design Considerations: N/A

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: January 1, 2006</p> <p>Implementation Date: February 13, 2006</p> <p>Pre-Implementation Contact(s): Randy Thronset (410) 786-0131 (Randy.Thronset@cms.hhs.gov) for payment policy questions and/or Wil Gehne (410) 786-6148 (Wilfried.Gehne@cms.hhs.gov) for operational questions.</p> <p>Post-Implementation Contact(s): Appropriate Regional Office</p>	<p>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.</p>
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