

**PROVIDER REIMBURSEMENT REVIEW BOARD
DECISION**

**ON THE RECORD
2013-D31**

PROVIDER –
All Care Home Health 2012 2%
Reduction CIRP Group
See APPENDIX I

Provider No.: Various

vs.

INTERMEDIARY –
BlueCross BlueShield Association/
CGS Administrators, LLC

DATE OF HEARING –
March 20, 2013

Reporting Period Ended –
Calendar Year 2012

CASE NO.: 12-0411GC

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ISSUE:

Whether the imposition of a 2 percent reduction in All Care Home Health, All Care Home Health of San Gabriel, and Comcare Home Health, Inc. Medicare payments for calendar year (“CY”) 2012 was proper.¹

MEDICARE STATUTORY AND REGULATORY BACKGROUND:

This is a dispute over the amount of Medicare reimbursement due a provider of medical services.

The Medicare program was established under Title XVIII of the Social Security Act, as amended (“Act”), to provide health insurance to the aged and disabled. Title XVIII of the Act was codified at 42 U.S.C. Chapter 7, Subchapter XVIII. The Centers for Medicare & Medicaid Services (“CMS”), formerly the Health Care Financing Administration (“HCFA”), is the operating component of the U.S. Department of Health and Human Services (“DHHS”) charged with administering the Medicare program. CMS’ payment and audit functions under the Medicare program are contracted to organizations known as fiscal intermediaries (“FIs”) and Medicare administrative contractors (“MACs”). FIs and MACs² determine payment amounts due the providers under Medicare law, regulation and interpretative guidelines published by CMS.³

The Balanced Budget Act of 1997 (“BBA”)⁴ provided for the development of a prospective payment system for all Medicare-covered home health services (“HH PPS”). Specifically, BBA § 4603 added 42 U.S.C. § 1395fff requiring the Secretary to establish an HH PPS for all covered home health care services effective October 1, 2000.

The Deficit Reduction Act of 2005 (“DRA”)⁵ required home health agencies (“HHAs”) to submit health care quality data as determined by the Secretary and imposed a penalty upon the HHA for failure to do so. Specifically, DRA § 5201(c)(2) added the following language, in pertinent part, at 42 U.S.C. § 1395fff(b)(3)(B):

(v) ADJUSTMENT IF QUALITY DATA NOT SUBMITTED.

(I) ADJUSTMENT. For purposes of clause (ii)(V), for 2007 and each subsequent year, in the case of a home health agency that does not submit data to the Secretary in accordance with subclause (II) with respect to such year, the home health market basket percentage increase applicable under such clause for such year shall be reduced by 2 percentage points. Such reduction shall apply only with respect to the year involved, and the Secretary shall not take into account such reduction in computing the

¹ See Provider’s Final Position Paper at 1; MAC Final Position Paper at 2.

² FIs and MACs are hereinafter referred to as intermediaries.

³ See: 42 U.S.C. §§ 1395h, 1395kk-1; 42 C.F.R. §§ 413.20, 413.24.

⁴ Pub. L. No. 105-33, 111 Stat. 251 (1997). See also: 65 Fed. Reg. 41128, 41129 (July 3, 2000).

⁵ Pub. L. No. 109-171, 120 Stat. 4 (2006). See also: 72 Fed. Reg. 49762, 49763 (Aug. 29, 2007).

prospective payment amount under this section for a subsequent year, and the Medicare Payment Advisory Commission shall carry out the requirements under section 5201(d) of the Deficit Reduction Act of 2005.

(II) SUBMISSION OF QUALITY DATA. For 2007 and each subsequent year, each home health agency shall submit to the Secretary such data that the Secretary determines are appropriate for the measurement of health care quality. Such data shall be submitted in a form and manner, and at a time, specified by the Secretary for purposes of this clause....

The Secretary exercised the authority delegated by Congress in subclause (II) above to define required data through notices published as rulemakings in the Federal Register.

The first notice was published as a final rule issued on November 9, 2006 (“November 2006 Final Rule”).⁶ CMS codified the DRA pay-for-reporting requirement at 42 C.F.R. §§ 484.225(h) and (i):

(h) For 2007 and subsequent calendar years, in the case of a home health agency that submits home health quality data, as specified by the Secretary, the unadjusted national prospective 60-day episode rate is equal to the rate for the previous calendar year increased by the applicable home health market basket index amount.

(i) For 2007 and subsequent calendar years, in the case of a home health agency that does not submit home health quality data, as specified by the Secretary, the unadjusted national prospective 60-day episode rate is equal to the rate for the previous calendar year increased by the applicable home health market basket index amount minus 2 percentage points.⁷ Any reduction of the percentage change will apply only to the calendar year involved and will not be taken into account in computing the prospective payment amount for a subsequent calendar year.⁸

For CY 2007, the November 2006 Final Rule advised providers that avoiding the 2 percentage point penalty for the CY 2007 annual market basket percentage update (“APU”) was tied to submission of additional data for the Outcome and Assessment Information Set (“OASIS”), a pre-existing home health agency reporting tool, for episodes beginning on or after July 1, 2005 and before July 1, 2006.⁹ Further, in order to avoid the 2 percentage point reduction to the APU

⁶ 71 Fed. Reg. 65884 (Nov. 9, 2006).

⁷ Hereinafter referred to as the “2 percentage point penalty.”

⁸ *Id.* at 65935 (footnote added).

⁹ *Id.* at 65889, 65891.

for certain subsequent periods, the November 2006 Final Rule required the provider to comply with the additional OASIS data submission for CY 2007.

The notices for CYs 2008, 2009, and 2010 were published as final rules on August 29, 2007 (“August 2007 Final Rule”),¹⁰ November 3, 2008 (“November 2008 Final Rule”),¹¹ and November 10, 2009 (“November 2009 Final Rule”)¹² respectively. Similar to the November 2006 Final Rule and consistent with 42 C.F.R. §§ 484.225(h) and (i), these rulemakings advised providers that avoiding the 2 percentage point penalty to the APU was tied to the submission of additional data for the OASIS.¹³ In particular, avoiding the 2 percentage point penalty for the APU for CYs 2008, 2009 and 2010 was tied to submission of additional OASIS data for a 12-month cycle beginning July 1 of the year that is two years prior to the rate year (*e.g.*, for CY 2008, OASIS data for the 12-month cycle beginning July 1, 2006).¹⁴ CMS also confirmed that the APU for subsequent rate years would be tied in a similar fashion to the 12-month cycle beginning July 1 of the year that is two years prior to the rate year.¹⁵

Further, in the November 2008 Final Rule, CMS notified providers that, in the near future, the HHA quality measures reporting requirements would be expanded to include a new survey tool referred to as the Consumer Assessment of Health Care Providers and Systems (“CAHPS”) Home Health Care Survey (“HHCAHPS Survey”).¹⁶ The HHCAHPS Survey would be to measure and publicly report patient experiences with home health care. The rule advised the public of the then-current status of this initiative and where additional information could be obtained:

CMS is working with a contractor to develop protocols and guidelines for implementation of CAHPS Home Health Care survey.¹⁷ Administration of the survey will be conducted by multiple, independent survey vendors working under contract with home health agencies to facilitate data collection and reporting. During 2008, vendor training materials are being developed, and implementation procedures for data submission

¹⁰ 72 Fed. Reg. 49762 (Aug. 29, 2007).

¹¹ 73 Fed. Reg. 65351 (Nov. 3, 2008).

¹² 74 Fed. Reg. 58078 (Nov. 10, 2009).

¹³ See 72 Fed. Reg. at 49861, 48964; 73 Fed. Reg. at 65356; 74 Fed. Reg. at 58096.

¹⁴ See 72 Fed. Reg. at 49765; 73 Fed. Reg. at 65353, 65356; 74 Fed. Reg. at 58096.

¹⁵ See 74 Fed. Reg. at 58096. See also Medicare Claims Processing Manual, CMS Pub 100-04 (“MCPM 100-04”), Transmittal 1647 (Dec. 12, 2008) (adding § 120 to MCPM 100-04, Ch. 10)

¹⁶ 73 Fed. Reg. at 65351, 65356.

¹⁷ Research Triangle Institute (“RTI”) is CMS’ current contractor and has been since the implementation of HHCAHPS. RTI has multiple responsibilities and roles. RTI serves as the data warehouse for the submission of HHCAHPS data and its output. It also helped write the procedure manual critical to HHCAHPS. RTI also functions as an information source for HHAs and their vendors regarding HHCAHPS and is a major source of the postings on the HHCAHPS web site located at <http://www.homehealthCAHPS.org>. The manual referred to, specifically the HHCAHPS Protocols and Guidelines Manual, is an extensive document covering all aspects of HHCAHPS. There are references in the Federal Register rule making process and frequent postings on the web site. The most recent version is always available in the HHCAHPS website. See generally HHCAHPS website:

<http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ActiveProjectReports/Active-Projects-Reports-Items/CMS1187490.html> (providing description of RTI contract).

and processing will be finalized. Recruitment and training of vendors who wish to be approved to collect survey data will begin in 2009. The CAHPS Home Health Care Survey will be implemented similar to the CAHPS Hospital survey where vendors are approved to conduct the survey and trained prior to agency participation in the survey. Home health agencies interested in learning about the survey are encouraged to view the CAHPS Home Health Care Survey Web site: <http://www.homehealthCAHPS.org>. They can also call toll-free: 1-866-354-0985 or send an email to the project team at HHCAHPS@rti.org for more information.¹⁸

In the November 2009 Final Rule, CMS provided additional substantive guidance on expanding the HHA quality measures reporting requirements to include the HHCAHPS Survey. In this regard, the preamble to the final rule provides the following summary of CMS' planned implementation of the HHCAHPS Survey:

For this final rule, we are adopting three changes to the previously proposed provisions for HHCAHPS. The first change is the delay in the HHCAHPS linkage to the annual payment update, from CY 2011 to CY 2012. This delay means that home health agencies will need to conduct a dry run for at least one month in the third quarter 2010, and continuously collect survey data beginning in the fourth quarter 2010 and moving forward. HHAs are urged to note the revised dates in this Final Rule and to routinely check the Web site <http://www.homehealthcahps.org> for the key dates. The second change concerns the patients eligible for the survey: only Medicare and/or Medicaid patients will be eligible to take the HHCAHPS survey. The third change is that V codes may be submitted if ICD – 9 codes are unavailable. Home Health Compare will be updated to reflect the addition of HHCAHPS to the quality reporting requirements.¹⁹

CMS provided more detailed information regarding the planned implementation of HHCAHPS in response to a comment:

Comment: While commenters were generally supportive of the survey and of quality improvement measures in home health, many requested a delay in the implementation of the survey. Commenters were concerned about implementing this new requirement at the same time as the roll-out for OASIS-C. They wanted home health agencies to have additional time to select a vendor to conduct the survey for them. Commenters were concerned about not accounting for this expense in their 2010

¹⁸ 73 Fed. Reg. at 65351, 65357.

¹⁹ 74 Fed. Reg. at 58104.

budgets, and wanted additional time to evaluate and pilot the survey on their own.

Response: CMS has carefully considered the comments it received, and is delaying the linkage of HHCAHPS data to the quality reporting requirements for the annual payment update by 6 months. This will allow home health agencies to first fully implement OASIS-C before being required to implement the HHCAHPS survey for payment considerations. As such, agencies will be required to do a dry run for at least one month in third quarter CY 2010, and to begin data collection on an ongoing basis in October 2010. With this change, HHAs will be required to submit dry run data from the third quarter of CY 2010 to the Home Health CAHPS Data Center by 11:59 p.m. EST on January 21, 2011. Similarly, HHAs will be required to submit data for the fourth quarter of CY 2010 to the Home Health CAHPS Data Center by 11:59 p.m. on April 21, 2011. With this delay, HHCAHPS will be a requirement for agencies to receive their full 2012 annual payment update....²⁰

The preamble to the November 2009 final rule also states: "...HHAs will have the opportunity to voluntarily implement HHCAHPS for a year (October 2009 through September 2010) for 'practicing' the implementation procedures before data collection 'counts' toward an annual payment update."²¹

CMS reiterated that the failure to participate in the dry run or failure to continuously collect and submit survey data as stated in the November 2009 Final Rule would cause a reduction of 2 percentage points to the APU for CY 2012.²²

The preamble to the November 2009 Final Rule also advised providers relative to CMS' data collection requirements:

To collect and submit HHCAHPS data to CMS, Medicare-certified agencies will need to contract with an approved HHCAHPS survey vendor. Beginning in summer 2009, interested vendors applied to become approved HHCAHPS vendors. The application process was (and still is) delineated online at <https://www.homehealthcahps.org>. Vendors are required to attend training conducted by CMS and the HHCAHPS Survey Coordination team, and to pass a post-training certification test.²³

²⁰ *Id.* at 58103.

²¹ *Id.* at 58126.

²² *Id.* at 58101.

²³ *Id.* at 58099.

Finally, the preamble to the November 2009 Final Rule gave advice to providers on what to review and monitor. First, CMS gave the following advice regarding HHCAHPS data submission reports:

In the proposed rule, we strongly recommended that home health agencies participating in the HHCAHPS survey promptly review the required Data Submission Summary Reports that are described in the Protocols and Guidelines Manual posted on <https://www.homehealthcahps.org>. These reports will enable the home health agency to ensure that its survey vendor has submitted their data on time, and that the data have been accepted/received by the Home Health CAHPS Data Center. We received no comments on this proposal, and are finalizing it as proposed.²⁴

CMS continued by advising providers to monitor the HHCAHPS website for updates:

It is strongly recommended that all home health care agencies participating in the HHCAHPS survey regularly check the Web site <https://www.homehealthcahps.org> for program updates and information.²⁵

In the final rule published on November 17, 2010 (“November 2010 Final Rule”),²⁶ CMS reaffirmed the timeline for expanding the HHA quality measures reporting requirements to include HHCAHPS. Specifically, CMS reiterated that “the mandatory period of data collection for the CY 2012 APU includes the [HHCAHPS] dry run data in the third quarter 2010, [HHCAHPS] data from the fourth quarter 2010 (October, November and December 2010), and [HHCAHPS] data from the first quarter of 2011 (January, February and March 2011).”²⁷ CMS clarified that while the relevant dry run data time period had passed (July, August and September of 2010) and the period to report data had just started (October 2010 through March 2011), the deadlines for data submission were coming up on January 21, 2011 for the dry run data and April 21, 2011 for the 3-month data from the last quarter of 2010. CMS concludes this paragraph with the statement: “These data submission deadlines are firm (that is, no late submissions will be accepted.)”²⁸

CMS again provided notification of the 2 percentage point reduction to the APU, as well as notification of the reconsiderations and appeal procedures:

For CY 2012, we maintain our policy that all HHAs, unless covered by specific exclusions,²⁹ meet the quality reporting

²⁴ *Id.* at 58100.

²⁵ *Id.*

²⁶ 75 Fed. Reg. 70372 (Nov. 17, 2010).

²⁷ *Id.* at 70405.

²⁸ *Id.*

²⁹ Home health agencies with less than 60 HHCAHPS eligible patients between April 1, 2009 and March 31, 2010, and those that received certification on or after January 1, 2010 were exempt from HHCAHPS participation for FY

requirements or be subject to a 2 percentage point reduction in the HH market basket percentage increase in accordance with section 1895(b)(3)(B)(v)(I) of the Act.

A reconsiderations and appeal process is being developed for HHAs that fail to meet the HHCAHPS data collection requirements. We proposed that these procedures will be detailed in the CY 2012 HH payment rule, the period for which HHCAHPS data collection would be required for the HH market basket percentage increase. During September through October 2011, we will compile a list of HHAs that are not compliant with OASIS-C and/or HHCAHPS for the 2012 APU requirements. These HHAs will receive explicit instructions about how to prepare a request for reconsideration of the CMS decision, and these HHAs would have 30 days to file their requests for reconsiderations to CMS. By December 31, 2011, we would provide our final determination for the quality data requirements for CY 2012 payment rates. HHAs have a right to appeal to the Prospective [*sic* Provider] Reimbursement Review Board (“PRRB”) if they are not satisfied with the CMS determination.³⁰

Finally, in the November 2010 Final Rule, CMS stated that, for CY 2013, it would begin requiring that four quarters of HHCAHPS data be collected and reported in order to obtain the full APU for CY 2013 rates.³¹

STATEMENT OF THE CASE AND PROCEDURAL HISTORY:

All Care Home Health, All Care Home Health of San Gabriel, and Comcare Home Health, Inc. (“Providers”) are for-profit home health agencies under common ownership located in Los Angeles and Orange Counties, California. The Providers’ designated intermediary is CGS Administrators, LLC (“Intermediary”).

On September 16, 2011, the Intermediary issued letters to the Providers notifying them that they were subject to a 2 percentage point reduction in the APU for their HH PPS payments for CY 2012 for not meeting the Deficit Reduction Act’s requirement for home health agencies to submit quality data, unless the Providers submitted evidence that this determination was in error.³² The Providers timely requested reconsideration, but did not submit any additional documentation in support of their requests.³³ The Providers did not request an exemption from participation in the dry run submission.³⁴ On December 22, 2011, the Intermediary issued notices to the Providers denying their requests for reconsideration and affirming the

2012. *See* 74 Fed. Reg. at 58100. The Providers do not assert that any exclusion from participation applies in this case. Stipulations of the Parties at 7 (April 15, 2013) (“Stipulations”).

³⁰ 75 Fed. Reg. at 70405-70406 (footnote added).

³¹ *Id.* at 70406.

³² Stipulations at 8.

³³ Stipulations at 9.

³⁴ Stipulations at 7.

determination that the Providers were subject to the 2 percentage point reduction in their APU for CY 2012.³⁵

On June 5, 2012, the Providers timely appealed CMS' reconsideration denials to the Board and formed a group appeal. Subsequently, Comcare Home Health, Inc. withdrew its appeal.³⁶ Thus, as delineated in Appendix I, the group appeal now only contains two of the original three providers.

The Providers were represented by Lucian Bernard, Esq., of Pearson & Bernard, P.S.C. The Intermediary was represented by Brendan G. Stuhan, Esq., of the Blue Cross and Blue Shield Association.

PARTIES CONTENTIONS:

The Providers contend that CMS' final determination that their CY 2012 HH PPS payments were subject to a 2 percent reduction is improper as the Providers successfully submitted data for the months of October 2010 through March 2011 to the HHCAHPS Data Center by the required due dates.³⁷ The Providers argue that they have complied with all of the requirements necessary to qualify for the full market basket update to their CY 2012 Medicare payments.

The Intermediary contends that the Providers failed to satisfy all of the HHCAHPS program requirements that were necessary to receive a full CY 2012 payment update, in a form and manner, and at a time, specified by the Secretary. The Intermediary argues that the Providers failed to ensure that the dry run data from the third quarter 2010 was submitted to the Home Health CAHPS Data Center by the January 21, 2011 required due date.³⁸

FINDINGS OF FACT, CONCLUSIONS OF LAW AND DISCUSSION:

After considering the Medicare law, regulations and program instructions, the evidence presented and the parties' contentions, the Board finds and concludes that the Provider failed to satisfy HHCAHPS program requirements. Consequently, the Providers may not secure any relief from the 2 percentage point penalty imposed by CMS.

The issue presented for the Board's consideration does not involve an interpretation of the statute or the regulations. Neither is there a difference of opinion on the relevant facts. The Providers do not dispute that a dry run was never conducted by or on behalf of the Providers in July, August or September 2010. Likewise, there is no dispute that dry run data for the third quarter 2010 was never submitted to the HHCAHPS data center by the deadline. And finally, the Providers do not dispute that none of the exemptions from HHCAHPS participation apply in this case, or that the regulations impose a 2 percentage point penalty for failing to submit the required

³⁵ Stipulations at 9.

³⁶ Stipulations at 9.

³⁷ Providers' Final Position Paper at 6; Provider Exhibit P-10.

³⁸ Intermediary's Final Position Paper at 10; Intermediary Exhibit I-7.

data.³⁹ Rather, the Provider requests that the Board permit an exception to the filing requirement for the dry run because it was otherwise in “substantial compliance.”⁴⁰

In essence, the Provider is requesting equitable relief from the filing requirements. However, the Board cannot consider the Provider’s request for equitable relief. The Board’s authority is limited to the statutory and regulatory requirements and to the facts and circumstances of the issues presented. In connection with the 2 percentage point penalty, the Board does not have the authority to consider factors outside those specifically recognized under the statute and regulations. The Secretary’s regulations make no provision for circumstances in which the penalty is overly punitive. Likewise, there is no possibility of an intermediate step that would reduce the full impact of the 2 percent revenue reduction. Rather, the statute, regulations, and relevant final rules mandate application of the 2 percent penalty if a provider fails to submit home health quality data as specified by the Secretary unless the provider falls within certain specified exclusions or exemptions.

The Board finds that, in this case, the Providers failed to submit their third quarter 2010 dry run data to the HHCAHPS data center by the January 21, 2011 deadline and that the Provider has not asserted that either an exclusion or exemption is applicable. Failure to make a timely filing of the required HHA quality data triggers imposition of the 2 percentage point penalty that was described and announced in both the November 2009 and November 2010 Final Rules. Neither the statute, regulations nor relevant final rules allow for waiver of the penalty (*e.g.*, partial credit or other equitable relief). Accordingly, the Board finds that the Providers failed to satisfy HHCAHPS program requirements and that the 2 percentage point penalty was correctly applied. The Providers may not secure relief from the 2 percentage point penalty imposed by CMS.

The Board notes that the Intermediary letter dated September 16, 2011 which notified the Provider of the 2 percentage points reduction states that evidence of a vendor’s failure to comply with the HHCAHPS submission “does not support a finding of compliance” on the part of the Provider.⁴¹ In this case, it is clear that the Provider failed to ensure that its contracted vendor complied with the submission requirements, notwithstanding the Provider’s responsibility to do so,⁴² and that the Provider is strictly liable for its failure to meet HHCAHPS submission deadlines pursuant to the statute, regulations, and manual provisions governing the HHCAHPS program.

³⁹ Stipulations at 1, 7, 8.

⁴⁰ See Provider’s Reply at 2.

⁴¹ Provider Exhibit P-2 at 2.

⁴² See HHCAHPS Protocols and Guidelines Manual at 14 (Jan. 2012) (specifying that HHA responsibilities include the responsibility to “[r]eview data submission reports to ensure that the survey vendor has submitted data on time and without data problems”); 74 Fed. Reg at 58100 (“[W]e strongly recommended that home health agencies participating in the HHCAHPS survey promptly review the required Data Submission Summary Reports These reports will enable the home health agency to ensure that its survey vendor has submitted their data on time, and that the data have been accepted/received by the Home Health CAHPS Data Center.”).

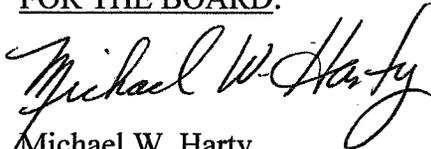
DECISION AND ORDER:

The Providers failed to satisfy HHCAHPS program requirements. CMS' imposition of a 2 percentage points reduction in the Providers' APU for Medicare payments for CY 2012 was proper.

BOARD MEMBERS PARTICIPATING:

Michael W. Harty
Keith E. Braganza, CPA
John Gary Bowers, CPA
Clayton J. Nix, Esq.
L. Sue Andersen, Esq.

FOR THE BOARD:


Michael W. Harty
Chairman

DATE: **AUG. 28 2013**

APPENDIX I

Provider No.	Provider Name	Reporting Period	
55-7615	All Care Home Health	Calendar Year 2012	
05-8141	All Care Home Health of San Gabriel	Calendar Year 2012	
55-7406	Comcare Home Health, Inc.	Calendar Year 2012	Appeal withdrawn 5/13/2013