Rec'd 6/28/07 31

IHA

June 27th, 2007

Ms. Leslie Norwalk, Esq.
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Room 445-G, Hubert H. Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

ATTN.: CMS-1541-P

Re: Medicare Program; Home Health Prospective Payment System Refinement and Rate Update for Calendar Year 2008; Proposed Rule, Federal Register, Volume 72, No. 86, Friday, May 4, 2007

Dear Ms. Norwalk:

On behalf of our approximately 200 member hospitals and health care systems, the Illinois Hospital Association (IHA) is taking this opportunity to formally comment on the proposed rule establishing new policies and payment rates for home health services for fiscal year 2008. IHA commends the Centers for Medicare and Medicaid Services (CMS) for its thorough analysis and its refinements to the Home Health Resource Groups (HHRGs) to better improve accuracy in patient classifications and payments in this rule; however, the Association does have some concerns with several of the provisions. Therefore, in accordance with instructions in the rule, the Illinois Hospital Association presents the following comments for your consideration:

PROVISIONS OF THE PROPOSED REGULATIONS:

- **Refinements to the case-mix model:** CMS proposes to apply a 2.75% reduction in payments for each of the next three years to account for the historical increases in case-mix that were the result of coding improvements and not the result of changes in patients' severity of illness. Instead of proposing such dramatic reductions, the Illinois Hospital Association urges CMS to further analyze the change in case mix since the implementation of the home health PPS. The proposed "behavioral offset" would be particularly harmful to hospital-based, home health agencies that often treat the more medically complex, post-acute patients not treated by community-based agencies. In addition, many hospital-based agencies are rural providers; payment reductions could have the unintended consequences of closure or reduction in services for these facilities, which in turn, will reduce access to these services for those rural beneficiaries.

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- **Significant Change in Condition:** CMS has proposed eliminating the Significant Change in Condition (SCIC) adjustment primarily due to the historically low volume of episodes that applied. **The Illinois Hospital Association would recommend that CMS withdraw this proposal for FY 2008 and FY 2009 until the impact of the expanded listing of home health resource groups (HHRGs) on this payment adjustment can be evaluated.** While the volume of SCIC episodes may be low under the current 80 HHRGs, it is conceivable that this volume could increase under the proposed 153 groups.

- **Low Utilization Payment Adjustment:** The Illinois Hospital Association is pleased that CMS continues to examine improvements to the home health PPS. According to the proposed rule, CMS is proposing an increase of $92.63 in the payment for LUPAs (low visit utilization episodes) to recognize the additional costs incurred by the agency on the first day of care. The payment amount is based principally on CMS' analysis focusing on nursing and physical therapy visits for low utilization episodes. **While IHA supports the proposed increase in payment under these situations, it encourages CMS to examine the presence of other home health service visits (i.e., social service, occupational or speech therapy) to ensure that the proposed payment amount recognizes all service costs incurred with these initial visits.**

Ms. Norwalk, thank you again for the opportunity to comment. The Illinois Hospital Association also welcomes the opportunity to work with your agency in the continued development and refinement of the Medicare payment system for all providers.

Sincerely,

Thomas A. Jendro

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CMS-1545-P-2

Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities for FY 2008

Submitter :

Date & Time: **06/07/2007**

Organization :

Category : **Other Health Care Professional**

Issue Areas/Comments

Collection of Information

Collection of Information

*We are attempting to use the TOY calculator to compare a few historic episodes. Our first road block is the availability of information in the CWF. The CWF (at least for us) shows the last two episodes. We need to see a history of episodes if we are to simulate retroactive responses for these historic episodes. Ongoing, we will need to be able to see up to four sequential episodes prior to our episode beginning.

*In order for us to better understand the impact of the proposed changes (and to our specific agency), it would be helpful if CMS would make available programming that would take our collective episodes in a specific time period (2006) and recalculate reimbursement using the proposed changes. If TOY is the answer to this, TOY needs programming changes since many of the TOY input fields result in inaccurate N/A response and then the totals do not add correctly and do not reconcile with the existing HHRG code. If there are errors with the existing HHRG calculation, how do we know the proposed new HHRG calcualtions are correct?

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* In regard to the Early/Late designation of the episode, CMS should give the agencies the ability to look up four sequential episodes prior to the episode in question in order to complete the Oasis properly. CMS should automatically correct this answer (both favorably or unfavorably as it relates to reimbursement) as needed with updated information in the CMS system.

* Will the regulations be changed to only require Oasis be submitted for the calculation of the HHRG? For example, why would a follow up Oasis be required if the follow up Oasis is not factoring into the reimbursement (as it currently may be)?
*

Impact Analysis

Impact Analysis

* If 2003 Medicare claims are the latest Medicare claims available for use in this proposal, I think the informaiton is too old and should be updated. Surely CMS should have access to Medicare claims through 2006 or worse case 2005. I wouldn't think the 2003 information would give good comparisons to the financial impact the proposed changes would have on agencies today.