

HOME HEALTH PROSPECTIVE PAYMENT SYSTEM CHANGES FOR CY 2010

In the November 10, 2009 *Federal Register*, the Centers for Medicare and Medicaid Services (CMS) finalized changes to the home health prospective payment system for services provided on or after January 1, 2010. CMS subsequently published transmittal 1864, dated December 4, 2009 documenting these changes.

1. Updates for Agencies that Submit Quality Data:

Regulations require that Medicare home health payments be updated by the applicable market basket percentage increase for CY 2010. The home health market basket percentage increase for CY 2010 is 2.0 percent.

The CY 2009 national standardized 60-day episode payment of \$2,271.92 is adjusted to return the outlier funds that paid for the original 5 percent target for outlier payments, the 2.5 percent outlier policy and the 2 percent home health market basket update. This figure is reduced by the 2.75 percent case-mix adjustment which yields the CY 2010 updated national standardized 60-day episode payment rate of \$2,312.94. This payment rate will be further adjusted by the episode's case-mix weight and wage index.

National Per-Visit Amounts for LUPAs for agencies that submit quality data, not including adjustments, are:

Home Health Aide	\$51.18
Medical Social Services	\$181.16
Occupational Therapy	\$124.40
Physical Therapy	\$123.57
Skilled Nursing	\$113.01
Speech-Language Pathology	\$134.27

For agencies that submit quality data, the add-on LUPA payment for an initial episode in a sequence of adjacent episodes or for the only episode is \$94.72 for CY 2010. \$53.34 is the conversion factor for non-routine supplies (NRS). Payments for NRS are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor.

2. Updates for Agencies that Do Not Submit Quality Data:

HHA's that do not report the required quality data will receive a 2 percent reduction to the home health market basket percentage or an increase of 0 percent for CY 2010. The CY 2010 updated national standardized 60-day episode payment rate for agencies that do not submit quality data is \$2,267.59 for CY 2010. These payment rates will be further adjusted by the episode's case-mix weight and wage index.

National Per-Visit Amounts for LUPAs for agencies that do not submit quality data, not including adjustments, are:

Home Health Aide	\$50.18
Medical Social Services	\$177.60
Occupational Therapy	\$121.96
Physical Therapy	\$121.15
Skilled Nursing	\$110.79
Speech-Language Pathology	\$131.64

For agencies that do not submit quality data, the add-on LUPA payment for an initial episodes in a sequence of adjacent episodes or for the only episode is \$92.86 for CY 2010. \$52.29 is the conversion factor for non-routine supplies (NRS). Payments for NRS are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor.

3. Changes to Outliers:

Total outlier payments in a given calendar year may not exceed five percent of total projected estimated PPS payments. The estimated cost must exceed a threshold amount. The episode's estimated cost is the sum of the national wage-adjusted per-visit payment amounts for all visits delivered during the episode. The outlier threshold is the national standardized 60-day episode payment rate or PEP adjustment for that group plus a fixed dollar loss (FDL) amount.

The FDL is computed by multiplying the wage-adjusted national standardized 60-day episode payment amount by the FDL ratio, which is a proportion expressed in terms of the national standardized episode payment amount. 2009 FDL ratio is 0.89 which drops to 0.67 for 2010.

Outlier payment is a proportion of the wage-adjusted estimated costs beyond the wage adjusted threshold. The proportion of additional costs paid as outlier payments is referred to as the loss-sharing ratio. The 2009 loss-sharing ratio is 0.80 which remains unchanged for 2010.

Outlier determination made by comparing the total of the products of:

- Number of visits of each discipline on the claim and each wage-adjusted national standardized per visit rate for each discipline
- Sum of the episode payment and a wage-adjusted standard fixed loss threshold amount.
- Outlier occurs when the total product of the number of the visits and the national standardized visit rates is greater than the case-mix specific payment amount plus the fixed loss threshold amount
- Payment is a set percentage (the loss sharing ratio) of the amount by which the product exceeds the case-mix specific payment amount plus the fixed loss threshold amount sum

An outlier payment is a payment for an entire episode and therefore is claim level only. If a HHA does not report quality data, then the outlier payment is reduced by 2 percent.

FOR FURTHER INFORMATION

If you have questions regarding Medicare pricing changes for CY 2010, please contact our Client Services department at 1-800-999-DRGS (3747).

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