Annual Home Health Agency Prospective Payment System (HHA PPS) Rate Updates - CY 2019

Revision: C-46, March 26, 2020

(Final payment amounts per 60-day episodes ending on or after January 1, 2019, and before January 1, 2020 - Continuing Calendar Year (CY) update.)

Home Health Agency Prospective Payment System (HHA PPS) - Determination of Standard HHA PPS amounts

Section 1895(b)(3)(B) of the Act, as amended by section 5201 of the Deficit Reduction Act (DRA), requires for CY 2019 that the standard prospective payment amount be increased by a factor equal to the applicable Home Health (HH) market basket update for HHAs.

National 60-Day Episode Payment Amounts - CY 2019

In order to calculate the CY 2019 national standardized 60-day episode, the CY 2018 estimated average payment per 60-day episode of $3,039.64 is adjusted by the wage-index budget neutrality factor, a case-mix weights budget neutrality factor, an adjustment for nominal case-mix growth, and the home health market basket update, as reflected in Figure 12.C.2019-1.

FIGURE 12.C.2019-1 CY 2019 NATIONAL STANDARDIZED 60-DAY EPISODE PAYMENT AMOUNTS

CY 2018 National Standardized 60-Day Episode Payment	Wage Index Budget Neutrality Factor	Case-Mix Weights Budget Neutrality Factor	CY 2018 HH Payment Update Percentage	CY 2019 National, Standardized 60-Day Episode Payment
$3,039.64	x 0.9985	x 1.0169	x 1.022	= $3,154.27

National Per-Visit Amounts Used to Pay Low Utilization Payment Adjustments (LUPAs) and Compute Costs of Outlier - CY 2019

To calculate the CY 2018 national per-visit rates, the 2018 national per-visit rates are adjusted by a wage index budget neutrality factor and CY 2019 HH market basket update. National per-visit rates are not subjected to the nominal increase in case-mix. The final updated CY 2018 national per-visit rates per discipline are reflected in Figure 12.C.2019-2:

FIGURE 12.C.2019-2 CY 2019 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAs

HH Discipline Type	CY 2018 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2019 HH Payment Update Percentage	CY 2019 Per-Visit Payments
HH Aide	$64.94	x 0.9996	x 1.022	$66.34
Medical Social Services (MSS)	229.86	x 0.9996	x 1.022	234.82
Occupational Therapy (OT)	157.83	x 0.9996	x 1.022	161.24
Physical Therapy (PT)	156.76	x 0.9996	x 1.022	160.14
Skilled Nursing (SN)	143.40	x 0.9996	x 1.022	146.50
Speech-Language Pathology (SLP)	170.38	x 0.9996	x 1.022	174.06

Payment of LUPA Episodes

For CY 2018, as described in the December 2, 2013, CMS Final Rule, the per-visit payment amount for the first SN, PT, and SLP visit in LUPA episodes that occur as the only episode or an initial episode in a sequence of adjacent episodes is multiplied by the LUPA add-on factors, which are: 1.8451 for SN; 1.6700 for PT; and 1.6266 for SLP.

EXAMPLE: If the first skilled visit is SN, the payment for the visit would be $270.31 ($146.50 multiplied by 1.8451), subject to area wage adjustment.

NRS Conversion Factor Update

Payments for the NRS are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor. For CY 2019, the 2018 NRS conversion factor was updated by the CY 2019 HH market basket. See Figure 12.C.2019-3.

FIGURE 12.C.2019-3 CY 2019 NRS CONVERSION FACTOR

CY 2018 NRS Conversion Factor	CY 2019 HH Payment Update Percentage	CY 2019 NRS Conversion Factor
$53.03	x 1.022	= $54.20

The payment amounts, using the above computed CY 2019 NRS conversion factor ($54.20), for the various severity levels based on the updated conversion factor are calculated in Figure 12.C.2019-4.

FIGURE 12.C.2019-4 CY 2019 RELATIVE WEIGHTS FOR THE SIX-SEVERITY NRS SYSTEM

Severity Level	Points (Scoring)	Relative Weight	CY 2018 NRS Payment Amounts
1	0	0.2698	$14.62
2	1 to 14	0.9742	52.80
3	15 to 27	2.6712	144.78
4	28 to 48	3.9686	215.10
5	49 to 98	6.1198	331.69
6	99+	10.5254	570.48

Labor And Non-Labor Percentages

For CY 2019, the labor percent is 76.1%, and the non-labor percent is 23.9%.

Outlier Payments

Under the HHA PPS, outlier payments are made for episodes for which the estimated cost exceeds a threshold amount. The wage adjusted Fixed Dollar Loss (FDL) amount represents the amount of loss that an agency must bear before an episode becomes eligible for outlier payments. The FDL ratio, which is used in calculating the FDL amount, for CY 2019 is 0.51. The wage-adjusted FDL amount is added to the case-mix and wage-adjusted 60-day episode payment amount to determine the threshold amount that costs have to exceed before TRICARE would pay 80 percent (loss sharing ratio) of the additional estimated costs.

The methodology to calculate the outlier payment will utilize a cost-per-unit approach rather than a cost-per-visit approach. The national per-visit rates are converted into per 15 minute unit rates. The per-unit rate by discipline will be used along with the visit length data reported on the home health claim to calculate the estimated cost of an episode to determine whether the claim will receive an outlier payment and the amount of payment for an episode of care.

FIGURE 12.C.2019-5 CY 2019 COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS

Visit Type	CY 2019 National Per-Visit Payment Rates	Average Minutes-per-visit	Cost-per-unit (1 unit = 15 minutes)
HH aide	$66.34	63.0	$15.80
MSS	234.82	56.5	62.34
OT	161.24	47.1	51.35
PT	160.14	46.6	51.55
SN	146.50	44.8	49.05
SLP	174.06	48.1	54.28

Outcome and Assessment Information Set (OASIS)

HHAs must collect OASIS data in order to participate in the TRICARE program.

Temporary Rural Add-On Payment for the HHA PPS

Section 421(a) of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 (Public Law 108-173, enacted on December 8, 2003, and as amended by Section 50208 of the Affordable Care Act) provides an increase of 3% of the payment amount otherwise made under Section 1895 of the Social Security Act for HH services furnished in a rural area (as defined in Section 1886(d)(2)(D) of the Social Security Act), for episodes and visits ending on or after April 1, 2010, and before January 1, 2019. Section 50208(a)(1)(D) of the Bipartisan Budget Act (BBA) amended section 421 of the MMA to provide rural add-on payments for episodes and visits ending on or after January 1, 2019, and before January 1, 2023. Unlike previous years, where a 3% rural add-on was applied to all rural areas, the new rural add-on extension for CYs 2019 through 2022 provides varying add-on

amounts depending on the rural county (or equivalent areas) and assigning rural counties to one of three categories:

- High utilization category -- rural counties and equivalent areas in highest quartile of all counties and equivalent areas based on number of Medicare home health episodes furnished per 100 Medicare beneficiaries excluding counties or equivalent areas with 10 or fewer episodes during 2015;
- Low population density category -- rural counties and equivalent areas with a population density of six individuals or less per square mile of land area and that are not included in the high utilization category; or
- All other rural counties and equivalent areas.

The rural add-on payment percentages for visits and episodes ending during CY 2019 are listed below in Figure Figure 12.C.2019-6:

FIGURE 12.C.2019-6 CY 2019 RURAL ADD-ON PERCENTAGES BY CATEGORY

Category	CY 2019
High Utilization	1.5%
Low Population Density	4%
All Other	3%

Effective for service dates on or after January 1, 2019, HHAs will be required to enter the Federal Information Processing Standards (FIPS) state and county code where the beneficiary resides on each claim, and they will continue to provide the CBSA codes on the claims. The contractors shall apply rural payment rates based on whether the FIPS state and county code is in the list of codes associated with one of three categories of rural counties. Claims shall be returned for correction when the FIPS code is missing or invalid. The county-based rural add-on shall be applied to the national standardized 60-day episode rate, the national per-visit rates, the LUPA add-on payment amount, and the NRS conversion factor when HH services are provided in rural (non-Core Based Statistical Area (CBSA)) areas. The applicable case-mix and wage index adjustments are subsequently applied.

For rural county or equivalent area names, their FIPS state and county codes, and their designation into one of the three rural add-on categories, refer to the CMS website at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices-Items/CMS-1689-P.html.

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