

## Chapter 12

## Addendum C (CY 2021)

# Annual Home Health Agency Prospective Payment System (HHA PPS) Rate Updates - CY 2021

Revision: C-58, April 20, 2021

(Final Calendar Year (CY) 2021 payment amounts for 30-day periods of care.)

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

Title XVIII of the Social Security Act, Section 1895(b)(3)(B), requires that HHA PPS rates provided to HHAs are updated annually. The Act requires that standard prospective payment amounts for CY 2021 be increased by a factor equal to the applicable Home Health market basket for HHAs.

### National 30-Day Episode Payment Amounts - CY 2021

In order to calculate the CY 2020 national standardized 30-day episode payment for those 30-day episodes that start on or after January 1, 2021, the CY 2020 budget neutral standard amount is adjusted by the wage-index budget neutrality factor, and the home health update factor, as reflected in [Figure 12.C.2021-1](#).

**FIGURE 12.C.2021-1 CY 2021 NATIONAL STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNTS**

CY 2020 30-Day Neutral Standard Amount	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update Percentage	CY 2021 National, Standardized 30-Day
\$1,864.03	x 1.9999	x 1.020	= \$1,901.12

### National Per-Visit Amounts Used to Pay Low Utilization Payment Adjustments (LUPAs) and Compute Costs of Outlier - CY 2021

To calculate the CY 2021 national per-visit rates, the 2020 national per-visit rates are adjusted by a wage index budget neutrality factor and CY 2020 HH update factor. The final updated CY 2021 national per-visit rates per discipline are reflected in [Figure 12.C.2021-2](#):

**FIGURE 12.C.2021-2 CY 2021 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAs**

HH Discipline Type	CY 2019 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2020 Payment Update Percentage	CY 2020 Per-Visit Payments
HH Aide	\$67.78	x 1.9997	x 1.020	\$69.11
Medical Social Services (MSS)	239.92	x 1.9997	x 1.020	244.64

**FIGURE 12.C.2021-2 CY 2021 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAs**

HH Discipline Type	CY 2019 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2020 Payment Update Percentage	CY 2020 Per-Visit Payments
Occupational Therapy (OT)	164.74	x 1.9997	x 1.020	167.98
Physical Therapy (PT)	163.61	x 1.9997	x 1.020	166.83
Skilled Nursing (SN)	149.68	x 1.9997	x 1.020	152.63
Speech-Language Pathology (SLP)	177.84	x 1.9997	x 1.020	181.34

### **Payment of LUPA Episodes**

For CY 2021, as described in the December 2, 2013, Centers for Medicare and Medicaid Services (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, as is the current process.

### **Non-Routine Supply (NRS) Conversion Factor Update**

Under the PDGM, NRS payments are included in the 30-day base payment rate. Durable Medical Equipment are paid separately, and they are not included in the not included in the 30-day base payment rate.

### **Labor And Non-Labor Percentages**

For CY 2021, 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 or periods of care 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. There was no change to the FDL ratio for CY 2021. Therefore, the FDL ration for 30-day periods of care in CY 2021 will remain at 0.56.

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 shall 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 shall receive an outlier payment and the amount of payment for an episode of care.

**FIGURE 12.C.2021-3 CY 2021 COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS**

Visit Type	CY 2021 National Per-Visit Payment Rates	Average Minutes-per-visit	Cost-per-unit (1 unit = 15 minutes)
HH aide	\$69.11	63.0	\$16.45
MSS	244.64	56.5	64.95
OT	167.98	47.1	53.50
PT	166.83	46.6	53.70
SN	152.63	44.8	51.10
SLP	181.34	48.1	56.55

### **Outcome and Assessment Information Set (OASIS)**

HHAs shall collect OASIS data in order to participate in the TRICARE program. The current version of the OASIS data set is available at <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HomeHealthQualityInits/OASIS-Data-Sets.html>.

### **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 upon 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 2021 are listed below in [Figure 12.C.2021-4](#):

**FIGURE 12.C.2021-4 CY 2021 RURAL ADD-ON PERCENTAGES BY CATEGORY**

Category	CY 2011
High Utilization	0.0%
Low Population Density	2%
All Other	1%

Effective for service dates on or after January 1, 2019, HHAs shall be required to enter the Federal Information Processing Standards (FIPS) state and county code where the beneficiary resides on each claim, and they shall continue to provide the Core Based Statistical Area (CBSA) codes on the claims. The contractors shall apply rural payment rates based upon 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 30-day period rate, the national per-visit rates, the LUPA add-on payment amount, and the n HH services are provided in rural (non-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/Center/Provider-Type/Home-Health-Agency-HHA-Center>.

### **Home Health Wage Index**

On September 14, 2018, the Office of Management and Budget (OMB) issued OMB Bulletin No. 18-04, established revisions to the delineation of Metropolitan Statistical Areas (MSAs), Micropolitan Statistical Areas, and Combined Statistical Areas, and guidance on uses of the delineation in these areas. These revisions shall be adopted effective for claims with "Through" dates on or after January 1, 2021, and shall include a one-year transition cap of 5 percent for any decreases in wage index value from CY 2020 to CY 2021.

For a complete list of new CBSA designations as well as those wage indexes affected by the 5 percent cap, refer to the CMS website at <https://www.cms.gov/files/zip/cy-2021-hh-pps-wage-index.zip>. The OMB bulletin 18-04 is located at <https://whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf>.

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