

SUMMARY OF FINAL HH PPS REFINEMENTS COMPARED TO CURRENT HH PPS PAYMENT SYSTEM

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Current HH PPS	Final Rule with Comments
<p>Home health disciplines included in the National 60-Day Episode rate:</p> <ul style="list-style-type: none"> · Skilled nursing, home health aide, physical therapy, speech-language pathology, occupational therapy, and medical social services 	<p>Home health disciplines included in the National 60-Day Episode rate:</p> <ul style="list-style-type: none"> · Unchanged <p>(New LCD for therapy July 2007)</p>
<p>For eligible beneficiaries under a home health plan of care:</p> <ul style="list-style-type: none"> · National 60-day episode prospective payment for covered home health services, adjusted for case mix and wage index · LUPA, SCIC, PEP, and outlier adjustments allowed 	<p>For eligible beneficiaries under a home health plan of care:</p> <ul style="list-style-type: none"> · Unchanged · LUPA, PEP, and outlier adjustments allowed; <p>SCIC adjustment eliminated</p>
<p>Average case-mix weights per episode:</p> <ul style="list-style-type: none"> · Since the inception of the HH PPS, the increase in the average case mix, nominal case-mix growth (which is the change that is not due to changes in the underlying health status of Medicare home health patient) is 11.75 percent. 	<p>Average case-mix weights per episode:</p> <ul style="list-style-type: none"> · To account for the 11.75 percent increase in the nominal case-mix growth, we are finalizing the proposed 2.75 percent reduction of the national standardized 60-day episode payment rate for first 3 years beginning in 2008 and a 2.71 percent reduction in the fourth year, 2011.
<p>National 60 Day Episode rate (\$2,339.00 for CY 2007)</p> <ul style="list-style-type: none"> · Includes home health market basket increase (3.3% for CY 2007) · Adjusted for case-mix and wage-index 	<p>National 60 Day Episode rate (\$2,270.32 for CY 2008) (-68.68)</p> <ul style="list-style-type: none"> · Includes home health market basket increase (3.0% for CY 2008) · Adjusted for case-mix and wage-index, and further adjusted for aggregate changes in case mix for the nominal case-mix growth(2.75 percent reduction per year for the first 3 years, 2008, 2009, and 2010, and 2.71 percent reduction for 2011.

<p>Home health market basket:</p> <ul style="list-style-type: none"> · Labor portion = 76.775% · Non-labor portion = 23.225% 	<p>Home health market basket:</p> <ul style="list-style-type: none"> · Labor portion = 77.082% · Non-labor portion = 22.918%
<p>Case-mix regression model:</p> <ul style="list-style-type: none"> · Single therapy threshold at 10 visits · Did not account for the timing of episodes · Single equation model for weight calculation, with a single set of case mix scores and single therapy threshold · Model r-squared = 0.29, initial episodes, .21 total episodes · Large increase in payment for delivering at least 10 therapy visits in a 60-day episode · 80 case-mix groups 	<p>Case-mix regression model:</p> <ul style="list-style-type: none"> · Therapy thresholds at 6, 14, and 20 visits · Accounts for early episodes (the first or second episode in a sequence of adjacent episodes) and later episodes (third or subsequent episodes in a sequence of adjacent episodes), regardless of whether the same home health agency provided care for the entire series of episodes. · Four-equation model for weight calculation with scores allowed to vary by episode type and with classification of episodes as follows: <ul style="list-style-type: none"> 1) < 14 therapy visits occurring in early episode; 2) ≥ 14 therapy visits occurring in early episode; 3) < 14 therapy visits occurring in later episode; 4) ≥ 14 therapy visits occurring in later episode · Model r-squared = 0.45 · Gradual increase in payment between first and third therapy thresholds · 153 case-mix groups
<p>Case-mix model variables:</p> <ul style="list-style-type: none"> · M0110 did not exist · Included M0175 (inpatient facility discharge), M0530 (incontinence) & M0610 (behaviors observed) 	<p>Case-mix model variables:</p> <ul style="list-style-type: none"> · Creates M0110 for new item to identify early and later episodes · Excludes M0175, M0530 M0440& M0610

<ul style="list-style-type: none"> · Excluded M0800 (injectible medications) · Included M0230/240 · Included M0245 · M0825: included (exists as a “yes”/”no” question as to whether or not the projected number of therapy visits for the episode meet the threshold for a Medicare high-therapy case mix group) · Scores not given for infected surgical wounds, abscesses, chronic ulcers, gangrene, dysphagia, tracheostomy, cystostomy · Did not include gastrointestinal, pulmonary, cardiac, hypertension, cancer, blood disorders, or affective and other psychoses diagnosis groups · Points not given for secondary diagnoses · Points not given for combinations of conditions in the same episode 	<ul style="list-style-type: none"> · Adds M0800 · Modifies format of M0230/240 to accommodate changes to payment diagnoses · M0246 replaces M0245 and now allows for multiple coding for both primary and secondary diagnoses · Includes M0826 and replaces M0825 (identifies the number of projected therapy visits for the episode, which affects the particular case-mix group for which that episode will be grouped) · Includes scores for infected surgical wounds, abscesses, chronic ulcers, gangrene, dysphagia, tracheostomy, and cystostomy. · Adds gastrointestinal, pulmonary, cardiac, hypertension, cancer, blood disorders, and affective and other psychoses diagnosis groups · Assigns points for some secondary diagnoses · Assigns points for some combinations of conditions in the same episode
<p>Wage Index:</p> <ul style="list-style-type: none"> · Routine update based on most recently available pre-floor/pre-reclassified hospital wage index 	<p>Wage Index:</p> <ul style="list-style-type: none"> • Unchanged
<p>Non-routine supplies (NRS):</p> <ul style="list-style-type: none"> · Included in national episode rate as a fixed amount of \$49.62, updated annually as part of the national episode rate · Case-mix adjusted as part of the national 60-day episode rate 	<p>Non-routine supplies (NRS):</p> <ul style="list-style-type: none"> · Based on a NRS conversion factor of \$52.35. (The original \$49.62 from the July 3, 2000 final rule, updated to 2008, adjusted to account for the outlier target of 5%, and adjusted for the nominal change in case-mix) · Case-mix adjusted separately based on 6 NRS severity groups payments ranges from

<p>Updated annually, as part of the national episode rate, by the home health market basket factor</p>	<p>\$14.12 to \$551 per episode</p> <p>Unchanged</p>
<p>LUPA Adjustment:</p> <ul style="list-style-type: none"> Calculated if episode has 4 or fewer visits <p>No additional payment for LUPA episodes that occur as the first or only episode during a period of home health benefit use</p>	<p>LUPA Adjustment :</p> <ul style="list-style-type: none"> Unchanged Additional \$87.93 for LUPA episodes that occur as the only episode or the first episode of a sequence of adjacent episodes; to be updated annually by the home health market basket
<p>PEP adjustment calculation:</p> <ul style="list-style-type: none"> Allowed for partial episodes 	<p>PEP adjustment calculation:</p> <ul style="list-style-type: none"> Unchanged
<p>Outlier adjustment:</p> <ul style="list-style-type: none"> Fixed dollar loss ratio = 0.67 Loss-sharing ratio = 0.80 Outlier expenditure target = 5 percent of total home health PPS payments 	<p>Outlier adjustment:</p> <ul style="list-style-type: none"> Fixed dollar loss ratio = 0.89 Unchanged Unchanged
<p>Quality Data Reporting:</p> <ul style="list-style-type: none"> Report data on 10 quality measures HHAs that do not submit quality data subject to 2 percent reduction in home health market basket percentage increase for the next year 	<p>Quality Data Reporting:</p> <ul style="list-style-type: none"> Report data on 12 quality measures:Two new ones: 1. Emergent care for wound infection/deterioration.2. Improvement in status surgical wounds Unchanged
<p>Average case-mix under the current case-mix system, based on 20% sample of 2005 data:</p> <ul style="list-style-type: none"> Proprietary agencies: 1.2821 Voluntary non-profit agencies: 1.1875 Rural agencies: 1.2047 Urban agencies: 1.2520 	<p>Average case-mix under the revised case-mix system, based on a 20% sample of 2005 data:</p> <ul style="list-style-type: none"> Proprietary agencies: 1.2620 Voluntary non-profit agencies: 1.2334 Rural agencies: 1.1798 Urban agencies: 1.2616