

## **2020 Home Health 60-Day Episodic PPS Rate Update**

On November 8, 2019, CMS issued the Final Rule to update the Medicare Home Health Prospective Payment System (HH PPS) rates and wage index for calendar year (CY) 2020. In summary, this final rule:

This rule implements the Patient-Driven Groupings Model (PDGM), a revised case-mix adjustment methodology, for home health services beginning on or after January 1, 2020. This final rule also implements a change in the unit of payment from 60-day episodes of care to 30-day periods of care, and finalizes the 30-day payment amount for CY 2020.

Additionally, this final rule modifies the payment regulations pertaining to the content of the home health plan of care; allows therapy assistants to furnish maintenance therapy; and changes the RAP (Request for Anticipated Payment) approach under the HH PPS.

This final rule also sets forth routine updates to the home infusion therapy payment rates for CY 2020 and finalizes payment provisions for home infusion therapy services for CY 2021 and subsequent years.

- Increases the Standardized PPS Base Rate by 2.109%, comprised of :
  - An increase of 0.60% Wage Index Budget Neutrality factor
  - An increase of 1.50% Market Basket Update
- The Outlier Fixed Dollar Loss (FDL) ratio remained unchanged at 0.51; and the Loss Sharing factor of 80% remains unchanged
- Caps for EACH AGENCY'S outlier payments at 10% of total PPS payments
- Retained the rural add-on for the years 2020 to 2022, with varying add-on rates based on a rural county population density.

Payments to home health agencies (HHAs) are estimated to increase by approximately 1.3 percent increase (\$250 million) in payments to HHAs in CY 2020.

### **Episodic Base Rate**

The 2020 Episodic Base Rate is **\$3,220.79** compared to \$3,154.27 for 2019. **However, the 60-day episodic payment will only apply to those episodes that BEGIN in 2019 and END in 2020. In other words, that would only result in one episode paid under this methodology.**

### **Episodes BEGINNING on or after January 1, 2020 will be paid under the new 30-day episodic Patient-Driven Groupings Model (PDGM).**

The rural add-on will continue through the year 2022. However, there are varying add-on amounts depending on the rural county classification by classifying each rural county into one of three distinct categories of (1) High Utilization, (2) Low Population Density and (3) All Other.

## Low Utilization Payment Adjustments (LUPA)

The Low-Utilization Payment Adjustment for episodes consisting of four or fewer visits is paid the standardized per visit rates as follows:

	<u>2020</u>	<u>2019</u>
Skilled Nursing	\$ 149.68	\$ 146.50
Physical Therapy	163.61	160.14
Occupational Therapy	164.74	161.24
Speech Therapy	177.84	174.06
Medical Social Worker	239.92	234.82
Home Health Aide	67.78	66.34
<i>Initial or Only Episode add-on payment:</i>		
Skilled Nursing is first skilled visit	126.49	123.81
Physical Therapy is first skilled visit	109.62	107.29
Speech Therapy is first skilled visit	111.43	109.07

CMS will continue to use three LUPA add-on factors in calculating the LUPA add-on payment amount for LUPA episodes that are the only episode or the first episode in a sequence of adjacent episodes. CMS finalized three LUPA add-on factors to be used in calculating the LUPA add-on payment amount: 1.8451 for skilled nursing, 1.6700 for physical therapy and 1.6266 for speech-language pathology **when that discipline is the first skilled visit in a LUPA episode** that occurs as the only episode or an initial episode in a sequence of adjacent episodes. For example, if the first skilled visit is a Skilled Nurse, the payment for that visit will be \$264.59 (1.8451 multiplied by \$143.40). Effectively, this translates to an equivalent add-on payment of \$121.19, \$105.03, and \$106.76 for SN, PT, and ST, respectively (as reflected in the above table).

## Wage Index

The Standardized **Episodic Rate** and the Standardized **LUPA Rates** stated above are BEFORE applying the CBSA **Wage Index Adjustments**.

The **labor-related** share for episodic and LUPA rates remain unchanged at **76.1%**; meanwhile, the wage index has changed for all CBSA's. The CBSA Tab in the attached file list the wage index amounts for all Urban & Rural Counties for 2020.

## Outliers

The Outlier Fixed Dollar Loss (FDL) factor will remain at **51%** (\$1,642.60) of the Episodic Rate and the Loss Sharing Ratio which remains at **80%** for the 60-day episodes BEGINNING in 2019 and ENDING in 2020. As implemented in the 2010 final rule, outlier payments will continue to be "capped" at 10% of the AGENCY'S Total PPS Payments. The claims processing system would ensure that for each time a claim for a provider was processed, YTD outlier payments for that calendar year could never exceed 10% of YTD total PPS payments for that provider for that calendar year. The 10% payment cap is intended to penalize agencies that are abusing the outlier system and reward those that have not abused the system.

In 2017 CMS is changed the methodology used in computing outlier payments. Since the inception of PPS through 2016, The Wage Adjusted Standardized Cost used in the computation was based on per-visit LUPA rates by discipline. Effective for episodes ending in 2017, CMS modified the outlier methodology as to use a cost-per-15 minute unit approach. The per-unit amount was arrived at by dividing the LUPA rate by the average number of minutes per visit and then multiplying by 15 (minutes), as show in the table below:

<b>Visit type</b>	<b>Cy 2020 National Per-visit Payment Rates</b>	<b>Average Minutes-per-visit</b>	<b>Cost-per-unit (1 Unit = 15 Minutes)</b>
Skilled nursing	149.68	44.8	\$50.12
Physical therapy	163.61	46.6	\$52.66
Occupational therapy	164.74	47.1	\$52.46
Speech-language pathology	177.84	48.1	\$55.46
Medical social services	239.92	56.5	\$47.21
Home health aide	67.78	63.0	\$16.14

The table below illustrates how the 15-minute unit will be determined:

<b>Time</b>	<b>Units</b>
<23 minutes	1
23 minutes to <38 minutes	2
38 minutes to <53 minutes	3
53 minutes to <68 minutes	4
68 minutes to <83 minutes	5
83 minutes to <98 minutes	6
98 minutes to <113 minutes	7
113 minutes to <128 minutes	8
128 minutes to <143 minutes	9
143 minutes to <158 minutes	10

### **Non-Routine Supplies (NRS)**

The Non-Routine Supply (NRS) Conversion Factor changes from \$53.03 to \$54.20; however, non-routine supply (NRS) relative weights will remain unchanged. After applying the relative weights for the severity levels, the NRS payment changed as follows:

	<b>Relative Weight</b>	<b>2020</b>	<b>2019</b>
Level 1	0.2698	\$ 14.84	\$ 14.62
Level 2	0.9742	53.59	52.80
Level 3	2.6712	146.94	144.78
Level 4	3.9686	218.31	215.10
Level 5	6.1198	336.65	331.69
Level 6	10.5254	579.00	570.48

Unlike the Episodic rate and the LUPA rates, the above NRS rates are NOT subject to wage adjustment.

### **Rural Add-on**

As stated previously, the rural add-on, will be retained through the year 2022.

Unlike previous rural add-ons, which were applied to all rural areas uniformly, the extension provides varying add-on amounts depending on the rural county FIPS classification by classifying each rural county into one of three distinct categories:

(1) Rural counties and equivalent areas in the highest quartile of all counties and equivalent areas based on the number of Medicare home health episodes furnished per 100 individuals who are entitled to, or enrolled for, benefits under part A of Medicare or enrolled for benefits under part B of Medicare only, but not enrolled in a Medicare Advantage plan under part C of Medicare (the “High utilization” category);

(2) Rural counties with a population density of 6 individuals or fewer per square mile of land area and are not included in the “High utilization” category (the “Low Population Density” category); and

(3) Rural counties and equivalent areas not in either the “High utilization” or “Low population density” categories (the “All Other” category).

The rural add-on percentages and duration of rural add-on payments are shown in the table below:

<b>Category</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>
High Utilization	0.5%		
Low Population Density	3.0%	2.0%	1.0%
All Other	2.0%	1.0%	

Agencies will now be required to enter the FIPS state and county code on the claim in order to establish the rural add-on amount.

---

Attached is an **EXCEL SPREADSHEET** file to help you calculate the 60-day episodic 2020 rates for your individual agency, which will be effective only for episodes which began in 2019 and ending in 2020. It includes a number of tools I think you may find useful. The file contains the following **TABS**:

**HHRG**: The spreadsheet allows you to enter up to Nine CBSA codes in the **YELLOW** shaded boxes so that you can view the HHRG and LUPA rates for a number of counties in your area. Input your County Code in cells **M5 to V5** and the HHRG rates will be generated for each HHRG taking into account the wage index for your CBSA. If this is a rural agency you will need to enter the FIPS code in cells **M7 to V7**. The FIPS code can be obtained from the Rural Add-On Tab.

LUPA per visit rates are also generated. Simply go to the **LUPA Rates** tab and print. HOWEVER the NRS amount is NOT reflected into the computations on this **HHRG** tab. The advantage to this Tab vs. the **HHRG w NRS** tab is that you can generate rates for multiple CBSA's; however the disadvantage is the NRS amount is not reflected in the computation due to space limitations. The table takes into consideration the rural add-on which is based on the combination of the CBSA code 99900 or higher and the FIPS code.

**HHRG w NRS**: To generate a spreadsheet to include the Non-Routine Supply (NRS) enter a CBSA codes in the **YELLOW** shaded box so that you can view the HHRG with NRS Amount. Input your County Code in cells **L5** and the HHRG rates along with a separate column for each NRS Level will be generated for each HHRG taking into account the wage index for your CBSA. If this is a rural agency you will need to enter the FIPS code in cells **L7**. Due to a limitation in the number of columns that can be printed and readable only ONE CBSA can be entered in this sheet.

**LUPA Rates**: Will compute automatically based on input in the **HHRG Rates** tab.

**Outlier**: Computes outlier; you need to know the HIPPS code along with the CBSA and number of visits. Enter the HIPPS code (rather than the HHRG in Cell **I14**). You need to enter the **CBSA** code in cell **C3**.

**CBSA**: Reflects all the CBSA's in the Country.

**Rural Add-On**: Contains all of the FIPS codes which are used to determine the rural add-on amount.

**HIPPS Code Ref**: This table can be useful in correlating the HHRG to the HIPPS code.

**2% Sequestration**: All of the rate computations reflect the reimbursement rates before the 2% reduction.