MAJOR MEDICARE HOME HEALTH FINAL RULE ISSUED: 2012 Rates, Face-to-Face Encounter Requirements, and Therapy Assessment Standards Addressed

CMS issued the final rule regarding 2012 payment rates late today. The rule also includes some revisions to the face-to-face rule and the therapy assessment rule. NAHC will be doing a detailed analysis of the proposal over the coming days.

Here are some of the most notable aspects of the rule.

1. The Final 2012 base episode payment rate for 2012 is higher than set out in the proposed rule at $2138.52. It is higher than proposed because Medicare accepted NAHC’s recommendation to phase-in the case mix creep adjustment, applying a 3.79% adjustment in 2012 and reserving 1.32% for 2013. Still, the rate is a reduction from the 2011 rate of $2192.07.The proposed 2012 payment base episode rates was $2112.37. The final rate reduction from the 2011 rate is approximately 2.4% compared to the proposed 3.56%.

**TNational 60-Day Episode Payment Amount Updated by the CY 2012 HH PPS**

**Payment Update Percentage, Before Case-Mix Adjustment and Wage Adjustment Based on the Site of Service for the Beneficiary**

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| --- | --- | --- | --- |
| **CY 2011 National Standardized 60-Day Episode Payment Rate** | **Multiply by the CY****2012 HH PPS payment update percentage of 1.4 percent** | **Reduce by 3.79 percent for nominal change in case-mix** | **CY 2012 National Standardized 60-Day Episode Payment Rate.** |
| $2,192.07 | x 1.014 | x 0.9621 | $2,138.52 |

1. The per visit rates for LUPAs and the Non-Routine Supply rates are as follows:

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| --- | --- | --- |
|  | **For HHAs that DO****submit the required quality data** | **For HHAs that DO NOT****submit the required quality data** |
| **Home Health Discipline Type** | **CY****2011****Per- Visit Amounts Per****60-Day****Episode** | **Multiply by the CY****2012 HH PPS payment update percentage of 1.4 percent** | **CY 2012 per-visit payment** | **Multiply by the CY****2012 HH PPS payment update percentage of 1.4 percent minus 2 percentage points****(-0.6 percent)** | **CY 2012 per-visit payment** |
| HH Aide | $50.42 | X 1.014 | $51.13 | X 0.994 | $50.12 |
| MSS | $178.46 | X 1.014 | $180.96 | X 0.994 | $177.39 |
| OT | $122.54 | X 1.014 | $124.26 | X 0.994 | $121.80 |
| PT | $121.73 | X 1.014 | $123.43 | X 0.994 | $121.00 |
| SN | $111.32 | X 1.014 | $112.88 | X 0.994 | $110.65 |
| SLP | $132.27 | X 1.014 | $134.12 | X 0.994 | $131.48 |

These rates are subject to a 2% reduction if the HHA did not submit quality data, including OASIS and HH CAHPS. The rates are also subject to the 3% rural add-on.

3. The rate changes are due to a 2.4% market basket index inflation update, a 1 point reduction in the MBI under the health care reform law, and a 3.79% case mix creep adjustment. The proposed rule included a 2.5% market basket index inflation update along with the 1 point MBI reduction and a 5.06% case mix creep adjustment. NAHC argued for a reduction in the creep adjustment and a multiyear phase- in of any such adjustment.

4. The 5.06% case mix creep adjustment in the proposed rule remains. However, it will be phased-in over 2012 and 2013. This adjustment is due to the evaluation of 2008 and 2009 coding weight changes. CMS found that three-fourths of the coding increase is a result of increases in therapy visits above the 14 and 20 visit thresholds.

5. The 2.4% rate reduction will impact individual providers unevenly. CMS finalized significant changes in coding weights by eliminating hypertension as a factor in the calculation, reducing the weights on therapy episodes (5% reduction on 14+ visit episodes and 10% reduction on 20+ visit episodes), and increasing weights on non-therapy episodes. NAHC took issue with the therapy episode case mix weight reductions as purely arbitrary. Instead, NAHC recommended the complete elimination of therapy thresholds and the use of a case mix adjustment model based on objective patient characteristics. CMS rejected these recommendations after engaging in a post-proposed rule analysis that it alleges justifies the exact proposed therapy episode case mix weights. CMS agreed that the therapy utilization thresholds are problematic, but indicated that it cannot eliminate them from the case mix model without further research and development of a new case mix adjuster.

NAHC also took issue with the budget neutrality adjustment applied in recalibrating the case mix weights. This is a crucial component in the process. CMS refused to change that adjustment.

Providers with high volumes of therapy cases could see greater net rate reductions while others with non-therapy patients may see a negligible overall reduction in revenue or a slight increase. A provider-specific analysis using the provider’s particular case mix is the only reliable way to assess impact. Even then that is only a project as the 2012 case mix of a provider.

6. CMS changed the face-to-face rule and allows the inpatient or post- acute facility physician to do the encounter and report the information to the community physician who completes the certification and plan of treatment documentation. This should help in circumstances where a patient is under the care of a hospitalist who transfers the patient to a community physician. NAHC sought wider changes to the F2F rule, included reduced documentation and allowance for separate physicians to provide the encounter and the certifications. CMS rejected these recommendations, stated that they could not do so under the law passed by Congress, or stated that the changes sought were outside the rulemaking.

CMS did attempt to clarify how an HHA can qualify a patient who has missed the 30 day window on the F2F, allowing a flexible application of the OASIS start of care assessment. The clarification will take some time to evaluate for a full and accurate understanding. NAHC will provide more on this matter in later reports.

7. CMS clarifies the therapy assessment standard where more than one discipline is involved and how to apply the 13th and 19th visit requirement by only counted covered visits.

The Final Rule on rates is generally in line with what had been expected. The phase- in of the case mix creep adjustment is definitely a positive change. Nevertheless, that does not turn a lemon into lemonade as rates will be 2.4% lower than 2011. The change on the face-to-face rule also is appreciated, but will only make a slight improvement as the documentation requirements remain a problem.

NAHC will provide a detailed analysis on each aspect of the rule in the coming days. The rules can be found at: <http://www.ofr.gov/OFRUpload/OFRData/2011-28416_PI.pdf>.