

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

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**Public Affairs Office**

**FACT SHEET**

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**Summary of Proposed HH PPS Refinements Compared to Current HH PPS Payment System**

(Glossary of Acronyms can be found at bottom of page)

<b>Existing HH PPS</b>	<b>Proposed Rule</b>
<u>Home health disciplines included in the National 60-Day Episode rate:</u> <ul style="list-style-type: none"> <li>• Skilled nursing, home health aide, physical therapy, speech-language pathology, occupational therapy, and medical social services</li> </ul>	<u>Home health disciplines included in the National 60-Day Episode rate:</u> <ul style="list-style-type: none"> <li>• Unchanged</li> </ul>
<u>For eligible beneficiaries under a home health plan of care:</u> <ul style="list-style-type: none"> <li>• National 60-day episode prospective payment for covered home health services, adjusted for case mix and wage index</li> <li>• LUPA, SCIC, PEP, and outlier adjustments allowed</li> </ul>	<u>For eligible beneficiaries under a home health plan of care:</u> <ul style="list-style-type: none"> <li>• Unchanged</li> <li>• LUPA, PEP, and outlier adjustments allowed; SCIC adjustment eliminated</li> </ul>
<u>Average case-mix weights per episode:</u> <ul style="list-style-type: none"> <li>• Per design of a case-mix adjusted system, case-mix weights were designed to average 1.0.</li> <li>• Using the most recent available data from 2003, a total increase in the average case-mix of 23.3% (from 1.0 to 1.233) has occurred since the implementation of the HH PPS.</li> </ul>	<u>Average case-mix weights per episode:</u> <ul style="list-style-type: none"> <li>• Trend toward coding that increased average case-mix weights</li> <li>• Of the total 23.3% change in the average case-mix, 8.7% of increase is believed to be due to coding behavior (i.e., a nominal change) rather than a real change in the underlying condition of home health patients</li> </ul>
<u>National 60 Day Episode rate = \$2,339.00 for CY 2007</u> <ul style="list-style-type: none"> <li>• Includes home health market basket increase (3.3% for CY 2007)</li> <li>• No adjustment for aggregate changes</li> </ul>	<u>National 60 Day Episode rate = Episodes beginning in CY 2007 and ending in CY 2008 = \$2,355.96</u> Episodes beginning and ending in CY 2008 = \$2,300.60 for hospitals that report quality data

<p>in case mix that are not related to home health patient's actual clinical condition case-mix changes</p> <ul style="list-style-type: none"> <li>Adjusted for case-mix and wage-index</li> </ul>	<p>For HHAs that do not report quality data: Episodes beginning in CY 2007 and ending in CY 2008 = \$2,310.17</p> <p>For HHAs that do not report quality data: Episodes beginning in CY 2008 and ending in CY 2008 = \$2,255.88</p> <ul style="list-style-type: none"> <li>Includes home health market basket increase (2.9% for CY 2008) for hospitals that report quality data. Two Percent Reduction for hospitals that do not report quality data (0.09%)</li> <li>Adjusted for aggregate changes in case mix that are not related to home health patient's actual clinical condition (-2.75% per year for 3 years)</li> <li>Unchanged</li> </ul>
<p><u>Home health market basket:</u></p> <ul style="list-style-type: none"> <li>Labor portion = 76.775%</li> <li>Non-labor portion = 23.225%</li> </ul>	<p><u>Home health market basket:</u></p> <ul style="list-style-type: none"> <li>Labor portion = 77.082%</li> <li>Non-labor portion = 22.918%</li> </ul>
<p><u>Case-mix regression model:</u></p> <ul style="list-style-type: none"> <li>Single therapy threshold at 10 therapy visits</li> <li>No accounting for timing of episodes</li> <li>Single equation model for weight calculation, with single therapy threshold</li> <li>Model r-squared = 0.34</li> <li>Increase in payment (approximately double) for delivering at least 10 therapy visits in a 60-day episode</li> <li>80 case-mix groups</li> </ul>	<p><u>Case-mix regression model:</u></p> <ul style="list-style-type: none"> <li>Therapy thresholds at 6, 14, and 20 visits</li> <li>Accounts for early episodes (the first or second episode in a sequence of adjacent episodes) and later episodes (3<sup>rd</sup> 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.</li> <li>Four-equation model for weight calculation: <ul style="list-style-type: none"> <li>1) &lt; 14 therapy visits occurring in early episode;</li> <li>2) ≥ 14 therapy visits occurring in early episode;</li> <li>3) &lt; 14 therapy visits occurring in later episode;</li> <li>4) ≥ 14 therapy visits occurring in later episode</li> </ul> </li> <li>Model r-squared = 0.44</li> <li>Gradual increase in payment between first and third therapy thresholds</li> <li>153 case-mix groups</li> </ul>
<p><u>Case-mix model variables:</u></p> <ul style="list-style-type: none"> <li>M0175 &amp; M0610 included</li> <li>M0470, M0520, &amp; M0800 not included</li> </ul>	<p><u>Case-mix model variables:</u></p> <ul style="list-style-type: none"> <li>Excluded M0175 &amp; M0610</li> <li>M0470, M0520, &amp; M0800 are added</li> </ul>

<ul style="list-style-type: none"> <li>• Scores not given for infected surgical wounds, abscesses, chronic ulcers, and gangrene</li> <li>• No gastrointestinal, pulmonary, cardiac, cancer, blood disorders, or affective and other psychoses diagnosis groups included</li> <li>• Points not given for secondary diagnoses</li> <li>• Points not given for combinations of conditions in the same episode</li> </ul>	<ul style="list-style-type: none"> <li>• Included scores for infected surgical wounds, abscesses, chronic ulcers, and gangrene</li> <li>• Added gastrointestinal, pulmonary, cardiac, cancer, blood disorders, and affective and other psychoses diagnosis groups</li> <li>• Points assigned for some secondary diagnoses</li> <li>• Points assigned for some combinations of conditions in the same episode</li> </ul>
<p><u>Wage Index:</u></p> <ul style="list-style-type: none"> <li>• Routine update based on most recently available pre-floor/pre-reclassified hospital wage index</li> </ul>	<p><u>Wage Index:</u></p> <ul style="list-style-type: none"> <li>• Unchanged</li> </ul>
<p><u>Non-routine supplies (NRS):</u></p> <ul style="list-style-type: none"> <li>• Included in national episode rate as a fixed amount of \$49.62, updated annually as part of the national episode rate.</li> <li>• Case-mix adjusted as part of the national 60-day episode rate</li> <li>• Updated annually, as part of the national episode rate, by the home health market basket factor</li> </ul>	<p><u>Non-routine supplies (NRS):</u></p> <ul style="list-style-type: none"> <li>• Based on a NRS conversion factor of \$52.30. (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).</li> <li>• Case-mix adjusted separately based on 5 NRS severity groups. The case-mix weights associated with these 5 NRS severity groups are to be recalibrated annually.</li> <li>• Unchanged</li> </ul>
<p><u>LUPA Adjustment:</u></p> <ul style="list-style-type: none"> <li>• Calculated if episode has 4 or fewer visits</li> <li>• No additional payment for LUPA episodes that occur as the first or only episode during a period of home health benefit use</li> </ul>	<p><u>LUPA Adjustment :</u></p> <ul style="list-style-type: none"> <li>• Unchanged</li> <li>• Additional \$91.80 for LUPA episodes that occur as the only episode or the first episode during a period of home health benefit use (sequence of adjacent episodes); to be updated annually by the home health market basket</li> </ul>
<p><u>PEP adjustment calculation:</u></p> <ul style="list-style-type: none"> <li>• Allowed for partial episodes</li> </ul>	<p><u>PEP adjustment calculation:</u></p> <ul style="list-style-type: none"> <li>• Unchanged</li> </ul>
<p><u>Outlier adjustment:</u></p> <ul style="list-style-type: none"> <li>• Fixed dollar loss ratio = 0.67</li> <li>• Loss-sharing ratio = 0.80</li> <li>• Outlier expenditure target = 5% of total home health PPS payments</li> </ul>	<p><u>Outlier adjustment:</u></p> <ul style="list-style-type: none"> <li>• Unchanged (Fixed dollar loss ratio = 0.67)</li> <li>• Unchanged</li> <li>• Unchanged</li> </ul>

<p><u>Quality Data Reporting:</u></p> <ul style="list-style-type: none"> <li>• Report data on 10 measures of quality</li> <li>• HHAs that do not submit quality data subject to 2% reduction in home health market basket percentage increase</li> </ul>	<p><u>Quality Data Reporting:</u></p> <ul style="list-style-type: none"> <li>• Report data on 12 measures of quality</li> <li>• Unchanged</li> </ul>
<p><u>Average case-mix under the current case-mix system, based on 10% sample of 2003 data:</u></p> <ul style="list-style-type: none"> <li>• Proprietary agencies: 1.2601</li> <li>• Voluntary non-profit agencies: 1.1404</li> <li>• Rural agencies: 1.1583</li> <li>• Urban agencies: 1.2032</li> </ul>	<p><u>Average case-mix under the proposed case-mix system, based on a 10% sample of 2003 data:</u></p> <ul style="list-style-type: none"> <li>• Proprietary agencies: 1.2227</li> <li>• Voluntary non-profit agencies: 1.1716</li> <li>• Rural agencies: 1.1417</li> <li>• Urban agencies: 1.2074</li> </ul>

**Glossary of Terms**

(LUPA) Low utilization payment adjustment

(SCIC) Significant changes in condition

(PEP) Partial episode payment