Medicare Provider Enrollment Demonstration for Home Health Agencies (HHAs) in High-Risk Areas

November 20, 2007

1. What is CMS trying to accomplish in this demonstration?

The goal of this demonstration is to develop improved methods for the investigation and prosecution of home health fraud.

2. What brought about this demonstration?

There has been an inordinate amount of fraudulent behavior among home health agencies (HHAs) in certain areas of the country. This project is designed to, in the end, better enable CMS to detect and deter such conduct.

3. Where will this demonstration take place? Why are these areas being targeted?

Harris County, Texas, and the Los Angeles metropolitan area will be the sites of this demonstration. (For purposes of the demonstration, the Los Angeles metropolitan area includes the following counties: Los Angeles, Orange, Riverside, and San Bernadino.) These areas have experienced particularly large amounts of HHA fraud. CMS therefore determined that these jurisdictions (the "demonstration locales") would be appropriate starting points for the activities of this demonstration.

4. What activities will be involved in this demonstration?

The project consists of several components. Each HHA in the demonstration locales will:

- Be required to submit a CMS-855A Medicare enrollment application (CMS-855A) in response to a revalidation request from its fiscal intermediary. **HHA providers that fail to submit an updated enrollment application within the given timeframe will have their Medicare billing privileges revoked. The application, moreover, must contain complete and accurate information, and all required supporting documentation must be submitted.**

- Be subject to criminal background checks for existing HHA owners and managing employees;

- Receive an onsite visit;

- Receive a State survey if it has undergone a change of ownership within the previous two years.

Any failure by the HHA to comply with any of the provisions of the demonstration or any existing Medicare requirements will result in the revocation of the HHA's billing privileges.

At the conclusion of the demonstration, CMS will evaluate the results thereof to determine whether additional tools are needed to combat fraudulent behavior by HHAs and/or whether to implement the tasks used in this demonstration in other areas of the country.

5. How will the provider enrollment procedures of this demonstration differ from current procedures?

There are three regulatory provisions that will be "waived" as part of this demonstration:

- **Immediate submission of CMS-855A application –** This involves a waiver of the revalidation requirements set forth in 42 C.F.R. § 424.515 that provide for the re-enrollment of providers and suppliers every five years.

- **Report of ownership change -** An HHA's billing privileges will be revoked if it failed to report: (1) a change of ownership or a change of address within 30 calendar days from the date of the change, or (2) any other reportable change within 90 calendar days from the date of the change. This involves a waiver of the reporting requirements in 42 C.F.R. § 424.520(b), which requires address changes to be reported within 90 calendar days. **It is very important that HHAs in the demonstration locales are aware of the 30-day reporting requirement for changes in address or ownership.**

- **Managing employee has felony conviction –** This involves a waiver of 42 C.F.R. § 424.535(a)(3). The revocation of an HHA's billing privileges in cases where a managing employee (including a director) thereof has had a Federal or State felony conviction within the last 10 years involves the inclusion of managing employees within the purview of 42 C.F.R. § 424.535(a)(3); this regulatory provision currently only addresses felony convictions of providers, suppliers, and the owners thereof.

6. What is CMS's legal authority for conducting this demonstration?

Section 402(a)(1)(J), 42 U.S.C. § 1395b-1(a)(1)(J), of the Social Security Amendments of 1967 permits the Secretary of the Department of Health and Human Services to "develop or demonstrate improved methods for the investigation and prosecution of fraud in the provision of care or services under the health programs established by the Social Security Act."

7. How long will the demonstration last?

The demonstration, which commenced in late October of this year, will last for a two-year period.

8. I am an HHA in one of the demonstration locales. Should I submit a CMS-855A revalidation application right now?

You should not submit a revalidation application until notified by your Medicare contractor to do so. However, in the meantime you are still required to submit any changes to your CMS-855A enrollment information.

9. As part of the demonstration's revalidation activities, must Section 12A of the CMS-855A be completed?

Though HHAs are certainly encouraged to furnish capitalization data with their CMS-855A revalidation application, it is not required. All other sections of the form, however, must be completed; this includes Section 12B, which captures data on nursing registries. Moreover, CMS stresses that Section 12A must, as always, be completed for any HHA that falls under the category of HHAs identified in 42 CFR § 489.28(a).