

Issue Brief

FEDERAL ISSUE BRIEF • November 1, 2016

CMS Issues Final Home Health Update for CY 2017

The Centers for Medicare & Medicaid Services has issued a final calendar year 2017 update to the home health prospective payment system.

The 338-page rule is currently on display at the *Federal Register* at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-26290.pdf>. Publication is slated for November 3.

This rule will (1) update the payment rates for home health agencies, (2) reflect the final year of the 4-year phase-in of the rebasing adjustments to the national, standardized 60-day episode payment rate, the national per-visit rates, and the non-routine supplies conversion factor, (3) update the case-mix weights including a reduction to the national standardized 60-day episode payment rate in CY 2017 of 0.97 percent to account for case-mix growth unrelated to increases in patient acuity (nominal case-mix growth) between CY 2012 and CY 2014, and (4) changes to the methodology used to calculate outlier payments.

Also, the rule implements changes in payment for Negative Pressure Wound Therapy performed using a disposable device.

Finally, this rule makes changes to the home health value-based purchasing program Model, in which Medicare-certified HHAs in certain states are

required to participate as of January 1, 2016.

CMS estimates that the net impact of the HH PPS policies is a decrease of 0.7 percent, or \$130 million, in Medicare payments to HHAs for CY 2017. The \$130 million impact reflects the effects of the 2.5 percent CY 2017 HH payment update percentage (\$450 million increase), a 0.9 percent decrease in payments due to the 0.97 percent reduction to the national, standardized 60-day episode payment rate in CY 2017 to account for nominal case-mix growth from 2012 through 2014 (\$160 million decrease), and a 2.3 percent decrease in payments due to the third year of the 4-year phase-in of the rebasing adjustments required by section 3131(a) of the *Affordable Care Act* (\$420 million decrease).

Under the HHVBP Model, the first payment adjustment will apply in CY 2018 based on PY1 (CY 2016) data and the final payment adjustment will apply in CY 2022 based on PY5 (CY 2020) data. In the CY 2016 HH PPS final rule, the overall impact of HHVBP Model from CY 2018 - CY 2022 was approximately a reduction of \$380 million. That estimate was based on the 5 performance years of the Model and only 2 payment adjustment years. CMS now estimates that this will be approximately a decrease of \$378 million.

4712 Country Club Drive
Jefferson City, MO 65109

P.O. Box 60
Jefferson City, MO 65102

573/893-3700
www.mhanet.com



continued

Comment

As noted in our analysis of the CY 2017 proposed HHA update, these changes are no longer simple. The amount of material devoted to quality and value-based purchasing continue to expand almost exponentially.

The is a fairly well written rule, and CMS does provide clear and concise final action sections. However, CMS still does not provide page numbers to complement its table of contents, nor does CMS use more complete references to the various sections of the rule.

CY 2017 HH PPS CASE-MIX WEIGHTS

CMS says that the CY 2017 scores for the case-mix variables, the clinical and functional thresholds, and the case-mix weights were developed using complete CY 2015 claims data as of June 30, 2016. Further, CMS notes that it finalized the recalibration methodology and the proposal to annually recalibrate the HH PPS case-mix weights in the CY 2015 HH PPS final rule. No additional proposals were made with regard to the recalibration methodology in the CY 2017 HH PPS rule.

Final CY 2017 Case-Mix Payment Weights			
Payment Group	Step (Episode and/or Therapy Visit Ranges)	Clinical and Functional Levels (1 = Low; 2 = Medium; 3= High)	Final CY 2017 Case-Mix Weights
10111	1st and 2nd Episodes, 0 to 5 Therapy Visits	C1F1S1	0.5857
10112	1st and 2nd Episodes, 6 Therapy Visits	C1F1S2	0.7168
10113	1st and 2nd Episodes, 7 to 9 Therapy Visits	C1F1S3	0.8479
10114	1st and 2nd Episodes, 10 Therapy Visits	C1F1S4	0.9790
10115	1st and 2nd Episodes, 11 to 13 Therapy Visits	C1F1S5	1.1100
10121	1st and 2nd Episodes, 0 to 5 Therapy Visits	C1F2S1	0.6896
10122	1st and 2nd Episodes, 6 Therapy Visits	C1F2S2	0.8030
10123	1st and 2nd Episodes, 7 to 9 Therapy Visits	C1F2S3	0.9164
10124	1st and 2nd Episodes, 10 Therapy Visits	C1F2S4	1.0298
10125	1st and 2nd Episodes, 11 to 13 Therapy Visits	C1F2S5	1.1433
10131	1st and 2nd Episodes, 0 to 5 Therapy Visits	C1F3S1	0.7460
10132	1st and 2nd Episodes, 6 Therapy Visits	C1F3S2	0.8630
10133	1st and 2nd Episodes, 7 to 9 Therapy Visits	C1F3S3	0.9800
10134	1st and 2nd Episodes, 10 Therapy Visits	C1F3S4	1.0970
10135	1st and 2nd Episodes, 11 to 13 Therapy Visits	C1F3S5	1.2140
10211	1st and 2nd Episodes, 0 to 5 Therapy Visits	C2F1S1	0.6193
10212	1st and 2nd Episodes, 6 Therapy Visits	C2F1S2	0.7526
10213	1st and 2nd Episodes, 7 to 9 Therapy Visits	C2F1S3	0.8860
10214	1st and 2nd Episodes, 10 Therapy Visits	C2F1S4	1.0193
10215	1st and 2nd Episodes, 11 to 13 Therapy Visits	C2F1S5	1.1526
10221	1st and 2nd Episodes, 0 to 5 Therapy Visits	C2F2S1	0.7232
10222	1st and 2nd Episodes, 6 Therapy Visits	C2F2S2	0.8389
10223	1st and 2nd Episodes, 7 to 9 Therapy Visits	C2F2S3	0.9545
10224	1st and 2nd Episodes, 10 Therapy Visits	C2F2S4	1.0702
10225	1st and 2nd Episodes, 11 to 13 Therapy Visits	C2F2S5	1.1858

Final CY 2017 Case-Mix Payment Weights

Payment Group	Step (Episode and/or Therapy Visit Ranges)	Clinical and Functional Levels (1 = Low; 2 = Medium; 3= High)	Final CY 2017 Case-Mix Weights
10231	1st and 2nd Episodes, 0 to 5 Therapy Visits	C2F3S1	0.7796
10232	1st and 2nd Episodes, 6 Therapy Visits	C2F3S2	0.8988
10233	1st and 2nd Episodes, 7 to 9 Therapy Visits	C2F3S3	1.0181
10234	1st and 2nd Episodes, 10 Therapy Visits	C2F3S4	1.1373
10235	1st and 2nd Episodes, 11 to 13 Therapy Visits	C2F3S5	1.2565
10311	1st and 2nd Episodes, 0 to 5 Therapy Visits	C3F1S1	0.6643
10312	1st and 2nd Episodes, 6 Therapy Visits	C3F1S2	0.8204
10313	1st and 2nd Episodes, 7 to 9 Therapy Visits	C3F1S3	0.9765
10314	1st and 2nd Episodes, 10 Therapy Visits	C3F1S4	1.1325
10315	1st and 2nd Episodes, 11 to 13 Therapy Visits	C3F1S5	1.2886
10321	1st and 2nd Episodes, 0 to 5 Therapy Visits	C3F2S1	0.7682
10322	1st and 2nd Episodes, 6 Therapy Visits	C3F2S2	0.9066
10323	1st and 2nd Episodes, 7 to 9 Therapy Visits	C3F2S3	1.0450
10324	1st and 2nd Episodes, 10 Therapy Visits	C3F2S4	1.1834
10325	1st and 2nd Episodes, 11 to 13 Therapy Visits	C3F2S5	1.3218
10331	1st and 2nd Episodes, 0 to 5 Therapy Visits	C3F3S1	0.8246
10332	1st and 2nd Episodes, 6 Therapy Visits	C3F3S2	0.9666
10333	1st and 2nd Episodes, 7 to 9 Therapy Visits	C3F3S3	1.1086
10334	1st and 2nd Episodes, 10 Therapy Visits	C3F3S4	1.2505
10335	1st and 2nd Episodes, 11 to 13 Therapy Visits	C3F3S5	1.3925
21111	1st and 2nd Episodes, 14 to 15 Therapy Visits	C1F1S1	1.2411
21112	1st and 2nd Episodes, 16 to 17 Therapy Visits	C1F1S2	1.4125
21113	1st and 2nd Episodes, 18 to 19 Therapy Visits	C1F1S3	1.5838
21121	1st and 2nd Episodes, 14 to 15 Therapy Visits	C1F2S1	1.2567
21122	1st and 2nd Episodes, 16 to 17 Therapy Visits	C1F2S2	1.4388
21123	1st and 2nd Episodes, 18 to 19 Therapy Visits	C1F2S3	1.6209
21131	1st and 2nd Episodes, 14 to 15 Therapy Visits	C1F3S1	1.3310
21132	1st and 2nd Episodes, 16 to 17 Therapy Visits	C1F3S2	1.5089
21133	1st and 2nd Episodes, 18 to 19 Therapy Visits	C1F3S3	1.6868
21211	1st and 2nd Episodes, 14 to 15 Therapy Visits	C2F1S1	1.2859
21212	1st and 2nd Episodes, 16 to 17 Therapy Visits	C2F1S2	1.4769
21213	1st and 2nd Episodes, 18 to 19 Therapy Visits	C2F1S3	1.6679
21221	1st and 2nd Episodes, 14 to 15 Therapy Visits	C2F2S1	1.3014
21222	1st and 2nd Episodes, 16 to 17 Therapy Visits	C2F2S2	1.5032
21223	1st and 2nd Episodes, 18 to 19 Therapy Visits	C2F2S3	1.7049
21231	1st and 2nd Episodes, 14 to 15 Therapy Visits	C2F3S1	1.3757
21232	1st and 2nd Episodes, 16 to 17 Therapy Visits	C2F3S2	1.5733
21233	1st and 2nd Episodes, 18 to 19 Therapy Visits	C2F3S3	1.7708
21311	1st and 2nd Episodes, 14 to 15 Therapy Visits	C3F1S1	1.4446
21312	1st and 2nd Episodes, 16 to 17 Therapy Visits	C3F1S2	1.6636
21313	1st and 2nd Episodes, 18 to 19 Therapy Visits	C3F1S3	1.8826
21321	1st and 2nd Episodes, 14 to 15 Therapy Visits	C3F2S1	1.4602
21322	1st and 2nd Episodes, 16 to 17 Therapy Visits	C3F2S2	1.6899

Final CY 2017 Case-Mix Payment Weights

Payment Group	Step (Episode and/or Therapy Visit Ranges)	Clinical and Functional Levels (1 = Low; 2 = Medium; 3 = High)	Final CY 2017 Case-Mix Weights
21323	1st and 2nd Episodes, 18 to 19 Therapy Visits	C3F2S3	1.9197
21331	1st and 2nd Episodes, 14 to 15 Therapy Visits	C3F3S1	1.5345
21332	1st and 2nd Episodes, 16 to 17 Therapy Visits	C3F3S2	1.7601
21333	1st and 2nd Episodes, 18 to 19 Therapy Visits	C3F3S3	1.9856
22111	3rd+ Episodes, 14 to 15 Therapy Visits	C1F1S1	1.2523
22112	3rd+ Episodes, 16 to 17 Therapy Visits	C1F1S2	1.4200
22113	3rd+ Episodes, 18 to 19 Therapy Visits	C1F1S3	1.5876
22121	3rd+ Episodes, 14 to 15 Therapy Visits	C1F2S1	1.2523
22122	3rd+ Episodes, 16 to 17 Therapy Visits	C1F2S2	1.4359
22123	3rd+ Episodes, 18 to 19 Therapy Visits	C1F2S3	1.6195
22131	3rd+ Episodes, 14 to 15 Therapy Visits	C1F3S1	1.3315
22132	3rd+ Episodes, 16 to 17 Therapy Visits	C1F3S2	1.5093
22133	3rd+ Episodes, 18 to 19 Therapy Visits	C1F3S3	1.6870
22211	3rd+ Episodes, 14 to 15 Therapy Visits	C2F1S1	1.3117
22212	3rd+ Episodes, 16 to 17 Therapy Visits	C2F1S2	1.4941
22213	3rd+ Episodes, 18 to 19 Therapy Visits	C2F1S3	1.6765
22221	3rd+ Episodes, 14 to 15 Therapy Visits	C2F2S1	1.3117
22222	3rd+ Episodes, 16 to 17 Therapy Visits	C2F2S2	1.5100
22223	3rd+ Episodes, 18 to 19 Therapy Visits	C2F2S3	1.7083
22231	3rd+ Episodes, 14 to 15 Therapy Visits	C2F3S1	1.3909
22232	3rd+ Episodes, 16 to 17 Therapy Visits	C2F3S2	1.5834
22233	3rd+ Episodes, 18 to 19 Therapy Visits	C2F3S3	1.7759
22311	3rd+ Episodes, 14 to 15 Therapy Visits	C3F1S1	1.5203
22312	3rd+ Episodes, 16 to 17 Therapy Visits	C3F1S2	1.7141
22313	3rd+ Episodes, 18 to 19 Therapy Visits	C3F1S3	1.9079
22321	3rd+ Episodes, 14 to 15 Therapy Visits	C3F2S1	1.5203
22322	3rd+ Episodes, 16 to 17 Therapy Visits	C3F2S2	1.7300
22323	3rd+ Episodes, 18 to 19 Therapy Visits	C3F2S3	1.9398
22331	3rd+ Episodes, 14 to 15 Therapy Visits	C3F3S1	1.5995
22332	3rd+ Episodes, 16 to 17 Therapy Visits	C3F3S2	1.8034
22333	3rd+ Episodes, 18 to 19 Therapy Visits	C3F3S3	2.0073
30111	3rd+ Episodes, 0 to 5 Therapy Visits	C1F1S1	0.4785
30112	3rd+ Episodes, 6 Therapy Visits	C1F1S2	0.6333
30113	3rd+ Episodes, 7 to 9 Therapy Visits	C1F1S3	0.7880
30114	3rd+ Episodes, 10 Therapy Visits	C1F1S4	0.9428
30115	3rd+ Episodes, 11 to 13 Therapy Visits	C1F1S5	1.0976
30121	3rd+ Episodes, 0 to 5 Therapy Visits	C1F2S1	0.5578
30122	3rd+ Episodes, 6 Therapy Visits	C1F2S2	0.6967
30123	3rd+ Episodes, 7 to 9 Therapy Visits	C1F2S3	0.8356
30124	3rd+ Episodes, 10 Therapy Visits	C1F2S4	0.9745
30125	3rd+ Episodes, 11 to 13 Therapy Visits	C1F2S5	1.1134
30131	3rd+ Episodes, 0 to 5 Therapy Visits	C1F3S1	0.6039
30132	3rd+ Episodes, 6 Therapy Visits	C1F3S2	0.7494

Final CY 2017 Case-Mix Payment Weights

Payment Group	Step (Episode and/or Therapy Visit Ranges)	Clinical and Functional Levels (1 = Low; 2 = Medium; 3= High)	Final CY 2017 Case-Mix Weights
30133	3rd+ Episodes, 7 to 9 Therapy Visits	C1F3S3	0.8949
30134	3rd+ Episodes, 10 Therapy Visits	C1F3S4	1.0405
30135	3rd+ Episodes, 11 to 13 Therapy Visits	C1F3S5	1.1860
30211	3rd+ Episodes, 0 to 5 Therapy Visits	C2F1S1	0.4955
30212	3rd+ Episodes, 6 Therapy Visits	C2F1S2	0.6587
30213	3rd+ Episodes, 7 to 9 Therapy Visits	C2F1S3	0.8220
30214	3rd+ Episodes, 10 Therapy Visits	C2F1S4	0.9852
30215	3rd+ Episodes, 11 to 13 Therapy Visits	C2F1S5	1.1485
30221	3rd+ Episodes, 0 to 5 Therapy Visits	C2F2S1	0.5748
30222	3rd+ Episodes, 6 Therapy Visits	C2F2S2	0.7222
30223	3rd+ Episodes, 7 to 9 Therapy Visits	C2F2S3	0.8695
30224	3rd+ Episodes, 10 Therapy Visits	C2F2S4	1.0169
30225	3rd+ Episodes, 11 to 13 Therapy Visits	C2F2S5	1.1643
30231	3rd+ Episodes, 0 to 5 Therapy Visits	C2F3S1	0.6208
30232	3rd+ Episodes, 6 Therapy Visits	C2F3S2	0.7748
30233	3rd+ Episodes, 7 to 9 Therapy Visits	C2F3S3	0.9288
30234	3rd+ Episodes, 10 Therapy Visits	C2F3S4	1.0829
30235	3rd+ Episodes, 11 to 13 Therapy Visits	C2F3S5	1.2369
30311	3rd+ Episodes, 0 to 5 Therapy Visits	C3F1S1	0.6140
30312	3rd+ Episodes, 6 Therapy Visits	C3F1S2	0.7953
30313	3rd+ Episodes, 7 to 9 Therapy Visits	C3F1S3	0.9765
30314	3rd+ Episodes, 10 Therapy Visits	C3F1S4	1.1578
30315	3rd+ Episodes, 11 to 13 Therapy Visits	C3F1S5	1.3391
30321	3rd+ Episodes, 0 to 5 Therapy Visits	C3F2S1	0.6933
30322	3rd+ Episodes, 6 Therapy Visits	C3F2S2	0.8587
30323	3rd+ Episodes, 7 to 9 Therapy Visits	C3F2S3	1.0241
30324	3rd+ Episodes, 10 Therapy Visits	C3F2S4	1.1895
30325	3rd+ Episodes, 11 to 13 Therapy Visits	C3F2S5	1.3549
30331	3rd+ Episodes, 0 to 5 Therapy Visits	C3F3S1	0.7393
30332	3rd+ Episodes, 6 Therapy Visits	C3F3S2	0.9114
30333	3rd+ Episodes, 7 to 9 Therapy Visits	C3F3S3	1.0834
30334	3rd+ Episodes, 10 Therapy Visits	C3F3S4	1.2554
30335	3rd+ Episodes, 11 to 13 Therapy Visits	C3F3S5	1.4275
40111	All Episodes, 20+ Therapy Visits	C1F1S1	1.7552
40121	All Episodes, 20+ Therapy Visits	C1F2S1	1.8030
40131	All Episodes, 20+ Therapy Visits	C1F3S1	1.8648
40211	All Episodes, 20+ Therapy Visits	C2F1S1	1.8588
40221	All Episodes, 20+ Therapy Visits	C2F2S1	1.9067
40231	All Episodes, 20+ Therapy Visits	C2F3S1	1.9684
40311	All Episodes, 20+ Therapy Visits	C3F1S1	2.1016
40321	All Episodes, 20+ Therapy Visits	C3F2S1	2.1495
40331	All Episodes, 20+ Therapy Visits	C3F3S1	2.2112

CY 2017 RATE UPDATE

1. CY 2017 Home Health Marketbasket Update

The HH PPS marketbasket update for CY 2017 is 2.8 percent. This amount is reduced by the ACA multifactor productivity adjustment of 0.3 percent, resulting in a net increase of 2.5 percent.

For HHAs that do not submit the required quality data for CY 2017, the home health market basket update will be 0.5 percent (2.5 percent minus 2.0 percent).

2. CY 2017 Area Wage Index

The CY 2017 wage index is available on CMS' website at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices.html>.

3. CY 2017 Annual Payment Update

The labor-related share of the case-mix adjusted 60-day episode rate will continue to be 78.535 percent and the non-labor-related share would continue to be 21.465 percent.

CMS will apply a reduction of 0.97 percent to the national, standardized 60-day episode payment rate in CY 2017 to account for nominal case-mix growth between CY 2012 and CY 2014. CMS will then apply the -\$80.95 rebasing adjustment finalized in the CY 2014 HH PPS final rule, and CMS will update the payment rates by the CY 2017 HH payment update percentage of 2.5 percent. The CY 2017 national, standardized 60-day episode payment rate is calculated as follows.

CY 2017 60-day National, Standardized 60-Day Episode Payment Amount						
CY 2016 National, Standardized 60-Day Episode Payment	Wage Index Budget Neutrality Factor	Case-Mix Weights Budget Neutrality Factor	Nominal Case-Mix Growth Adjustment (1-0.0097)	CY 2017 Rebasing Adjustment	CY 2017 HH Payment Update	CY 2017 National, Standardized 60-Day Episode Payment
\$2,965.12	X 0.9996	X 1.0214	X 0.9903	-\$80.95	X 1.025	\$2,989.97

CY 2017 National, Standardized 60-Day Episode Payment Amount for HHAs That DO NOT Submit the Quality Data						
CY 2016 National, Standardized 60-Day Episode Payment	Wage Index Budget Neutrality Factor	Case-Mix Weights Budget Neutrality Factor	Nominal Case-Mix Growth Adjustment (1-0.0097)	CY 2017 Rebasing Adjustment	CY 2017 HH Payment Update Minus 2 Percentage Points	CY 2017 National, Standardized 60-Day Episode Payment
\$2,965.12	X 0.9996	X 1.0214	X 0.9903	-\$80.95	X 1.005	\$2,931.63

4. CY 2017 National Per-Visit Rates

The national per-visit rates are used to pay LUPAs (episodes with four or fewer visits) and are also used to compute imputed costs in outlier calculations. The per-visit rates are paid by type of visit or HH discipline. The six HH disciplines are as follows:

- Home health aide (HH aide);
- Medical Social Services (MSS);
- Occupational therapy (OT);
- Physical therapy (PT);
- Skilled nursing (SN); and
- Speech-language pathology (SLP).

CY 2017 National Per-Visit Payment Amounts for HHAs That DO Submit the Required Quality Data					
HH Discipline Type	CY 2016 Per Visit Payment	Wage Index Budget Neutrality Factor	CY 2017 Rebasing Adjustment	CY 2017 HH Payment Update	CY 2017 Per-Visit Payment
Home Health Aide	\$60.87	X 1.0000	+ \$1.79	X 1.025	\$64.23
Medical Social Services	\$215.47	X 1.0000	+ \$6.34	X 1.025	\$227.36
Occupational Therapy	\$147.95	X 1.0000	+ \$4.35	X 1.025	\$156.11
Physical Therapy	\$146.95	X 1.0000	+ \$4.32	X 1.025	\$155.05
Skilled Nursing	\$134.42	X 1.0000	+ \$3.96	X 1.025	\$141.84
Speech-Language Pathology	\$159.71	X 1.0000	+ 4.70	X 1.025	\$168.52

CY 2017 National Per-Visit Payment Amounts for HHAs That DO NOT Submit the Required Quality Data					
HH Discipline Type	CY 2016 Per Visit Rates	Wage Index Budget Neutrality Factor	CY 2017 Rebasing Adjustment	CY 2017 HH Payment Update Minus 2 Percentage Points	CY 2017 Per-Visit Rates
Home Health Aide	\$60.87	X 1.0000	+ \$1.79	X 1.005	\$62.97
Medical Social Services	\$215.47	X 1.0000	+ \$6.34	X 1.005	\$222.92
Occupational Therapy	\$147.95	X 1.0000	+ \$4.35	X 1.005	\$153.06
Physical Therapy	\$146.95	X 1.0000	+ \$4.32	X 1.005	\$152.03
Skilled Nursing	\$134.42	X 1.0000	+ \$3.96	X 1.005	\$139.07
Speech-Language Pathology	\$159.71	X 1.0000	+ 4.70	X 1.005	\$165.23

5. CY 2017 Non-routine Medical Supply Payment Rates

Payments for NRS are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor.

CY 2017 NRS Conversion Factor for HHAs that DO Submit the Required Quality Data			
CY 2016 NRS Conversion Factor	CY 2017 Rebasing Adjustment	CY 2017 HH Payment Update	CY 2017 NRS Conversion Factor
\$52.71	X 0.9718	X 1.025	\$52.40

CY 2017 NRS Payment Amounts for HHAs that DO Submit the Required Quality Data			
Severity Level	Points (Scoring)	Relative Weight	CY 2017 NRS Payment Amounts
1	0	0.2698	\$ 14.16
2	1 to 14	0.9742	\$ 51.15
3	15 to 27	2.6712	\$ 140.24
4	28 to 48	3.9686	\$ 208.35
5	49 to 98	6.1198	\$ 321.29
6	99+	10.5254	\$ 552.58

For non-quality reporters see the rule's tables 13 and 14.

6. Rural Add-On

For CY 2017, home health payment rates for services provided to beneficiaries in areas that are defined as rural under the OMB delineations will be increased by 3.0 percent as mandated.

CY 2017 Payment Amounts for 60-Day Episodes for Services Provided in a Rural Area					
For HHAs that DO Submit Quality Data			For HHAs that DO NOT Submit Quality Data		
CY 2017 National, Standardized 60-Day Episode Payment Rate	Multiply by the 3 Percent Rural Add-On	CY 2017 Rural National, Standardized 60-Day Episode Payment Rate	CY 2017 National, Standardized 60- Day Episode Payment Rate	Multiply by the 3 Percent Rural Add-On	CY 2017 Rural National, Standardized 60- Day Episode Payment Rate
\$2,989.97	X 1.03	\$3,079.67	\$2,931.63	X 1.03	\$3,019.58

CY 2017 Per-Visit Amounts for Services Provided in a Rural Area						
HH Discipline Type	For HHAs that DO submit quality data			For HHAs that DO NOT submit quality data		
	CY 2017 Per-visit rate	Multiply by the 3 Percent Rural Add-On	CY 2017 Rural Per-Visit Rates	CY 2017 Per-visit rate	Multiply by the 3 Percent Rural Add- On	CY 2017 Rural Per-Visit Rates
HH Aide	\$64.23	X 1.03	\$66.16	\$62.97	X 1.03	\$64.86
MSS	\$227.36	X 1.03	\$234.18	\$222.92	X 1.03	\$229.61
OT	\$156.11	X 1.03	\$160.79	\$153.06	X 1.03	\$157.65
PT	\$155.05	X 1.03	\$159.70	\$152.03	X 1.03	\$156.59
SN	\$141.84	X 1.03	\$146.10	\$139.07	X 1.03	\$143.24
SLP	\$168.52	X 1.03	\$173.58	\$165.23	X 1.03	\$170.19

CY 2017 NRS Conversion Factors for Services Provided in a Rural Area					
For HHAs that DO submit quality data			For HHAs that DO NOT submit quality data		
CY 2017 Conversion Factor	Multiply by the 3 Percent Rural Add-On	CY 2017 Rural NRS Conversion Factor	CY 2017 Conversion Factor	Multiply by the 3 Percent Rural Add-On	CY 2017 Rural NRS Conversion Factor
\$52.50	X 1.03	\$54.08	\$51.48	X 1.03	\$53.02

CY 2017 NRS Payment Amounts for Services Provided in a Rural Area					
Severity Level	Points (Scoring)	For HHAs that DO submit quality data		For HHAs that DO NOT submit quality data	
		Relative Weight	CY 2017 NRS Payment Amounts for Rural Areas	Relative Weight	CY 2017 NRS Payment Amounts for Rural Areas
1	0	0.2698	\$14.59	0.2698	\$14.30
2	1 to 14	0.9742	\$52.68	0.9742	\$51.65
3	15 to 27	2.6712	\$144.46	2.6712	\$141.63
4	28 to 48	3.9686	\$214.62	3.9686	\$210.42
5	49 to 98	6.1198	\$330.96	6.1198	\$324.47
6	99+	10.5254	\$569.21	10.5254	\$558.06

7. Payments for High-Cost Outliers under the HH PPS

CMS will, as proposed, change the methodology used to calculate outlier payments, using a cost-per-unit approach rather than a cost-per-visit approach. Using this approach, CMS would convert the national per-visit rates into per 15-minute unit rates. The new per-unit rates by discipline will then be used, along with the visit length data by discipline reported on the home health claim in 15 minute increments (15 minutes = 1 unit), to calculate the estimated cost of an episode to determine whether the claim will receive an outlier payment and the amount of payment for an episode of care.

The Fixed Dollar Loss ratio and the loss-sharing ratio must be selected so that outlier payments do not exceed 2.5 percent of total payments (as required by section 1895(b)(5)(A) of the Act).

8. Fixed Dollar Loss (FDL) Ratio

CMS will change the FDL ratio from 0.45 to 0.55 for CY 2017.

PAYMENT POLICIES FOR NEGATIVE PRESSURE WOUND THERAPY USING A DISPOSABLE DEVICE

Negative pressure wound therapy is a medical procedure in which a vacuum dressing is used to enhance and promote healing in acute, chronic, and burn wounds.

The *Consolidated Appropriations Act, 2016*, requires a separate payment to be made to HHAs for NPWT using a disposable device when furnished on or after January 1, 2017 to an individual who receives home health services for which payment is made under the Medicare home health benefit. As described in the *Consolidated Appropriations Act, 2016*, the separate payment amount for an applicable disposable device will be set equal to the amount of the payment that would otherwise be made under the Medicare Hospital Outpatient Prospective Payment System (OPPS).

The payment will be equal to the lesser of the actual charges or the OPPS payment amount for CPT® codes 97607 and 97608, and must be billed via the 34x type of bill. HHAs may not bill for furnishing NPWT using a disposable device on a TOB 32x. Payment for HH visits related to wound care, but not requiring the furnishing of an entirely new disposable NPWT device, will still be covered by the HH PPS episode payment and must be billed using TOB 32x. Where a home health visit is exclusively for the purpose of furnishing NPWT using a disposable device, the HHA will submit only a TOB 34x. Where, however, the home health visit includes the provision of other home health services in addition to, and separate from, furnishing NPWT using a disposable device, the HHA will submit both a TOB 32x and TOB 34x—the TOB 32x for other home health services and the TOB 34x for furnishing NPWT using a disposable device. Physical therapists, occupational therapists, registered nurses, and licensed practical nurses are permitted to provide NPWT using a disposable device under a home health plan of care.

PROVISIONS OF THE HOME HEALTH VALUE-BASED PURCHASING MODEL

In the final CY 2016 HH PPS final rule, CMS said it would implement a Home Health Value-Based Purchasing (HHVBP) Model in Arizona, Florida, Iowa, Maryland, Massachusetts, Nebraska, North Carolina, Tennessee, and Washington. The HHAs in these nine states will have their payments adjusted (upward or downward) in the following manner: a maximum payment adjustment of three percent in CY 2018; a maximum payment adjustment of five percent in CY 2019; a maximum payment adjustment of six percent in CY 2020; a maximum payment adjustment of seven percent in CY 2021; and, a maximum payment adjustment of eight percent in CY 2022.

CMS is finalizing its proposal to calculate the benchmarks and achievement thresholds at the state-level rather than the smaller- and larger-volume cohort level.

CMS is finalizing its proposal that there must be a minimum of eight HHAs in any size cohort. Under this final policy, a smaller-volume cohort must have a minimum of eight HHAs in order for the HHAs in that cohort to be compared only against each other, and not against the HHAs in the larger- volume cohort. If a smaller-volume cohort in a state has fewer than eight HHAs, those HHAs will be included in the larger-volume cohort for that state for purposes of calculating the linear exchange function (LEF) and payment adjustment percentages.

Quality Measures

In the CY 2016 HH PPS final rule, CMS finalized a set of quality measures. CMS proposed to remove the following measures from the set of applicable measures: (1) Care Management: Types and Sources of Assistance; (2) Prior Functioning ADL/IADL; (3) Influenza Vaccine Data Collection Period; and (4) Reason Pneumococcal Vaccine Not Received.

The finalized set of applicable measures is presented in the table below, which excludes the four measures CMS proposed for removal.

Measure Set for the HHVBP Model						
NQS Domains	Measure Title	Measure Type	Identifier	Data Source	Numerator	Denominator
Clinical Quality of Care	Improvement in Ambulation- Locomotion	Outcome	NQF0167	OASIS (M1860)	Number of home health episodes of care where the value recorded on the discharge assessment indicates less impairment in ambulation/locomotion at discharge than at the start (or resumption) of care.	Number of home health episodes of care ending with a discharge during the reporting period, other than those covered by generic or measure-specific exclusions.
Clinical Quality of Care	Improvement in Bed Transferring	Outcome	NQF0175	OASIS (M1850)	Number of home health episodes of care where the value recorded on the discharge assessment indicates less impairment in bed transferring at discharge than at the start (or resumption) of care.	Number of home health episodes of care ending with a discharge during the reporting period, other than those covered by generic or measure-specific exclusions.
Clinical Quality of Care	Improvement in Bathing	Outcome	NQF0174	OASIS (M1830)	Number of home health episodes of care where the value recorded on the discharge assessment indicates less impairment in bathing at discharge than at the start (or resumption) of care	Number of home health episodes of care ending with a discharge during the reporting period, other than those covered by generic or measure-specific exclusions.
Clinical Quality of Care	Improvement in Dyspnea	Outcome	NA	OASIS (M1400)	Number of home health episodes of care where the discharge assessment indicates less dyspnea at discharge than at start (or resumption) of care.	Number of home health episodes of care ending with a discharge during the reporting period, other than those covered by generic or measure-specific exclusions.
Communication & Care Coordination	Discharged to Community	Outcome	NA	OASIS (M2420)	Number of home health episodes where the assessment completed at the discharge indicates the patient remained in the community after discharge.	Number of home health episodes of care ending with discharge or transfer to inpatient facility during the reporting period, other than those covered by generic or measure-specific exclusions.
Efficiency & Cost Reduction	Acute Care Hospitalization: Unplanned Hospitalization during first 60 days of Home Health	Outcome	NQF0171	CCW (Claims)	Number of home health stays for patients who have a Medicare claim for an unplanned admission to an acute care hospital in the 60 days following the start of the home health stay.	Number of home health stays that begin during the 12-month observation period. A home health stay is a sequence of home health payment episodes separated from other home health payment episodes by at least 60 days.

Measure Set for the HHVBP Model

NQS Domains	Measure Title	Measure Type	Identifier	Data Source	Numerator	Denominator
Efficiency & Cost Reduction	Emergency Department Use without Hospitalization	Outcome	NQF0173	CCW (Claims)	Number of home health stays for patients who have a Medicare claim for outpatient emergency department use and no claims for acute care hospitalization in the 60 days following the start of the home health stay.	Number of home health stays that begin during the 12-month observation period. A home health stay is a sequence of home health payment episodes separated from other home health payment episodes by at least 60 days.
Patient Safety	Improvement in Pain Interfering with Activity	Outcome	NQF0177	OASIS (M1242)	Number of home health episodes of care where the value recorded on the discharge assessment indicates less frequent pain at discharge than at the start (or resumption) of care.	Number of home health episodes of care ending with a discharge during the reporting period, other than those covered by generic or measure-specific exclusions.
Patient Safety	Improvement in Management of Oral Medications	Outcome	NQF0176	OASIS (M2020)	Number of home health episodes of care where the value recorded on the discharge assessment indicates less impairment in taking oral medications correctly at discharge than at start (or resumption) of care.	Number of home health episodes of care ending with a discharge during the reporting period, other than those covered by generic or measure-specific exclusions.
Population/Community Health	Influenza Immunization Received for Current Flu Season	Process	NQF0522	OASIS (M1046)	Number of home health episodes during which patients a) received vaccination from the HHA or b) had received vaccination from HHA during earlier episode of care, or c) was determined to have received vaccination from another provider.	Number of home health episodes of care ending with discharge, or transfer to inpatient facility during the reporting period, other than those covered by generic or measure-specific exclusions.
Population/Community Health	Pneumococcal Polysaccharide Vaccine Ever Received	Process	NQF0525	OASIS (M1051)	Number of home health episodes during which patients were determined to have ever received Pneumococcal Polysaccharide Vaccine (PPV).	Number of home health episodes of care ending with discharge or transfer to inpatient facility during the reporting period, other than those covered by generic or measure-specific exclusions.
Clinical Quality of Care	Drug Education on All Medications Provided to Patient/Caregiver during all Episodes of Care	Process	NA	OASIS (M2015)	Number of home health episodes of care during which patient/caregiver was instructed on how to monitor the effectiveness of drug therapy, how to recognize potential adverse effects, and how and when to report problems (since the previous OASIS assessment).	Number of home health episodes of care ending with a discharge or transfer to inpatient facility during the reporting period, other than those covered by generic or measure-specific exclusions.

Measure Set for the HHVBP Model

NQS Domains	Measure Title	Measure Type	Identifier	Data Source	Numerator	Denominator
Patient & Caregiver-Centered Experience	Care of Patients	Outcome		CAHPS	NA	NA
Patient & Caregiver-Centered Experience	Communications between Providers and Patients	Outcome		CAHPS	NA	NA
Patient & Caregiver-Centered Experience	Specific Care Issues	Outcome		CAHPS	NA	NA
Patient & Caregiver-Centered Experience	Overall rating of home health care	Outcome		CAHPS	NA	NA
Patient & Caregiver-Centered Experience	Willingness to recommend the agency	Outcome		CAHPS	NA	NA
Population/Community Health	Influenza Vaccination Coverage for Home Health Care Personnel	Process	NQF0431 (Used in other care settings, not Home Health)	Reported by HHAs through Web Portal	Healthcare personnel in the denominator population who during the time from October 1 (or when the vaccine became available) through March 31 of the following year: a) received an influenza vaccination administered at the healthcare facility, or reported in writing or provided documentation that influenza vaccination was received elsewhere; or b) were determined to have a medical contraindication/condition of severe allergic reaction to eggs or to other components of the vaccine or history of Guillain-Barre Syndrome within 6 weeks after a previous influenza vaccination; or c) declined influenza vaccination; or d) persons with unknown vaccination status or who do not otherwise meet any of the definitions of the abovementioned numerator categories.	Number of healthcare personnel who are working in the healthcare facility for at least 1 working day between October 1 and March 31 of the following year, regardless of clinical responsibility or patient contact.

Measure Set for the HHVBP Model

NQS Domains	Measure Title	Measure Type	Identifier	Data Source	Numerator	Denominator
Population/ Community Health	Herpes zoster (Shingles) vaccination: Has the patient ever received the shingles vaccination?	Process	NA	Reported by HHAs through Web Portal	Total number of Medicare beneficiaries aged 60 years and over who report having ever received zoster vaccine (shingles vaccine).	Total number of Medicare beneficiaries aged 60 years and over receiving services from the HHA.
Communication & Care Coordination	Advance Care Plan	Process	NQF0326	Reported by HHAs through Web Portal	Patients who have an advance care plan or surrogate decision maker documented in the medical record or documentation in the medical record that an advanced care plan was discussed but the patient did not wish or was not able to name a surrogate decision maker or provide an advance care plan.	All patients aged 65 years and older.

Appeals Process

CMS is finalizing the appeals process as proposed and the associated regulation text at §484.335, titled “Appeals Process for the Home Health Value-Based Purchasing Model”, with a modification to §484.335(a)(3)(iv) to correct an erroneous reference to “reconsideration” to “recalculation” and modifications to §484.335(b)(1) for clarity and internal consistency. That is, CMS is finalizing the reconsideration process; the requirement that recalculation requests be submitted within 15 calendar days of the Interim Performance Report or the Annual TPS and Payment Adjustment Report being posted on the HHVBP Secure Portal; the requirement that reconsideration requests be submitted within 15 days of being notified of the results of the recalculation request; and that the final TPS and payment adjustment percentage is provided to competing HHAs in a final report no later than 30 calendar days in advance of the payment adjustment taking effect.

UPDATES TO THE HOME HEALTH CARE QUALITY REPORTING PROGRAM

CMS has identified 28 HHQI measures that were either “topped out” and/or determined to be of limited clinical and quality improvement value. Therefore, these measures will no longer be included in the HHQI. A list of these measures, along with the reasons for no longer including them in the HHQI, can be found at the following link: <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HomeHealthQualityInits/HHQIQualityMeasures.html>.

CMS will remove 6 process measures from the HH QRP, beginning with the CY 2018 payment determination, because they are “topped out” and therefore no longer have sufficient variability to distinguish between providers in public reporting. Items used to calculate one or more of these six measures may still appear on the OASIS for previously established purposes that are not related to the HH QRP.

The 6 process measures are:

- Pain Assessment Conducted;
- Pain Interventions Implemented during All Episodes of Care;
- Pressure Ulcer Risk Assessment Conducted;
- Pressure Ulcer Prevention in Plan of Care;
- Pressure Ulcer Prevention Implemented during All Episodes of Care; and
- Heart Failure Symptoms Addressed during All Episodes of Care.

CMS is adopting four new measures. These four measures were developed to meet the requirements of the *IMPACT Act*. These measures are:

- MSPB-PAC HH QRP;
- Discharge to Community-PAC HH QRP;
- Potentially Preventable 30-Day Post-Discharge Readmission Measure for HH QRP; and
- Drug Regimen Review Conducted with Follow-Up for Identified Issues-PAC HH QRP

Final Comment

The material above regarding quality is only a brief snapshot of the material covered within the rule. More than 55 percent of the rule addresses various quality policy issues.

Medicare payments are no longer the sole purview of financial experts. Clinical and quality has become overwhelming. It is difficult to understand how such data and data collections are being transformed into payment adjustments. Perhaps, one now needs to be a rocket scientist to understand the concepts being developed and implemented.

Analysis provided for MHA
by Larry Goldberg,
Goldberg Consulting