

Issue Brief

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CMS Finalizes Calendar Year 2019 Payments and 2020 Policy Changes for Home Health Agencies and Home Infusion Therapy Suppliers

The Centers for Medicare & Medicaid Services issued a final calendar year 2019 update to the home health prospective payment system. The official copy is scheduled for publication in the *Federal Register* on Saturday, Nov. 13.

The rule will update both the payment rates and case-mix weights for home health agencies for CY 2019. There still are 153 Home Health Resource Groups.

For home health services beginning on or after Jan. 1, 2020, the rule finalizes a case-mix methodology refinement, which will eliminate the use of therapy thresholds for case-mix adjustment purposes and will change the unit of payment from a 60-day episode of care to a 30-day period of care, as mandated by section 51001 of the *Bipartisan Budget Act of 2018*. Beginning Jan. 1, 2020, there will be 452 HHRGs.

The rule also contains a new methodology used to determine rural add-on payments for CYs 2019 through 2022, as mandated by statute. Further, the rule will establish a transitional payment for home infusion therapy services for CYs 2019 and 2020, again, as mandated by law.

CY 2019 RATE UPDATE

Rebasing and Revising of the Home Health Market Basket – Labor Share

CMS is rebasing and revising the home health market basket, effective for CY 2019. The labor-related share will be 76.1 percent, and the nonlabor-related share will be 23.9 percent. The current labor-related share is 78.5 percent, and the nonlabor-related share is 21.5 percent.

CY 2019 Market Basket Update for HHAs

The home health market basket for CY 2019 is 3.0 percent. CMS is reducing this percentage increase by the current estimate of the multi-factor productivity adjustment of 0.8 percent, resulting in a net increase of 2.2 percent.

The home health update will be decreased by 2.0 percentage points for those HHAs that do not submit quality data. For HHAs that do not submit the required quality data for CY 2019, the home health payment update will be 0.2 percent (2.2 percent minus 2.0 percentage points).

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continued

CY 2019 Home Health Wage Index

The CY 2019 wage index is available on the CMS website at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices.html>.

The CY 2019 wage index budget neutrality factor is 0.9985.

Rural Add-on Payments for CYs 2019 through 2022

The **BBA** provides that rural counties (or equivalent areas) would be placed into one of three categories for purposes of the home health rural add-on payments: (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; (2) rural counties and equivalent areas with a population density of six individuals or fewer per square mile of land area; and (3) rural counties and equivalent areas not in the categories above; i.e., all others.

Payments for High-Cost Outliers under the HH PPS

The fixed-dollar loss ratio and the loss-sharing ratio is selected so that the estimated total outlier payments do not exceed a 2.5 percent aggregate level. The current FDL ratio is 0.55. CMS will change the FDL to 0.51 with a loss-sharing ratio of 0.80. Bottom line is CMS has paid less than 2.5 in outlier payments in 2018.

IMPLEMENTATION OF THE PATIENT-DRIVEN GROUPINGS MODEL FOR CY 2020

The **BBA 2018** requires the secretary to apply a 30-day unit of service for purposes of implementing the HH PPS, effective Jan. 1, 2020. CMS says the change will require provider education and training, updating and revising relevant manuals, and changing claims processing systems.

The PDGM would not use the number of therapy visits in determining payment. CMS notes that “the change from the current case-mix adjustment methodology for the HH PPS, which relies heavily on therapy thresholds as a major determinant for payment and thus provides a higher payment for a higher volume of therapy provided, to the PDGM would remove the financial incentive to overprovide therapy in order to receive a higher payment.”

PROVISIONS OF THE HOME HEALTH VALUE-BASED PURCHASING MODEL

CMS is finalizing, as proposed, the removal of the Influenza Immunization Received for Current Flu Season and Pneumococcal Polysaccharide Vaccine Ever Received measures from the set of applicable measures, beginning with PY4 and subsequent years of the model.

CMS is finalizing its proposal to replace three OASIS-based measures, Improvement in Ambulation- Locomotion, Improvement in Bed Transferring and Improvement in Bathing, with two composite measures, Total Normalized Composite Change in Self-Care and Total Normalized Composite Change in Mobility, for PY4 and subsequent performance years.

UPDATES TO THE HOME HEALTH QUALITY REPORTING PROGRAM

CMS will remove seven measures beginning with the CY 2021 HH QRP.

1. Removal of the Depression Assessment Conducted Measure
2. Removal of the Diabetic Foot Care and Patient/Caregiver Education Implemented during All Episodes of Care Measure
3. Removal of the Multifactor Fall Risk Assessment Conducted for All Patients Who Can Ambulate (NQF #0537) Measure
4. Removal of the Pneumococcal Polysaccharide Vaccine Ever Received Measure
5. Removal of the Improvement in the Status of Surgical Wounds Measure
6. Removal of the Emergency Department Use without Hospital Readmission during the First 30 Days of HH (NQF #2505) Measure
7. Removal of the Re-hospitalization during the First 30 Days of HH (NQF #2380) Measure

*Analysis provided for MHA
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MEDICARE COVERAGE OF HOME INFUSION THERAPY SERVICES

For CYs 2019 and 2020, and as required by section 50401 of the **Bipartisan Budget Act of 2018**, CMS is implementing a temporary transitional payment for home infusion therapy services that pays eligible home infusion therapy suppliers for associated professional services for administering certain drugs and biologicals infused through a durable medical equipment pump, training and education, and remote monitoring and monitoring services.

This is an abbreviated analysis. View the full analysis [here](#).