Issue Brief

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CMS Begins Issuing Proposed Calendar Year 2021 PPS Updates – Home Health Released

The Centers for Medicare & Medicaid Services issued a proposed calendar year 2021 update to the home health prospective payment system. The rule is effective Jan. 1, 2021.

The proposed rule would update the payment rates for home health agencies; set forth the case-mix weights for 2021; and specify the CY 2021 fixed-dollar loss ratio for outlier payments. The rule also proposes to adopt revised Office of Management and Budget statistical area delineations described in the Sept. 14, 2018 OMB Bulletin No. 18-04 effective in CY 2021. This rule also proposes a cap on wage index decreases in excess of 5%.

The rule includes final policies related to the implementation of the permanent home infusion therapy benefit in CY 2021, including payment categories, amounts, and required and optional adjustments.

The 138-page rule is currently on display at the *Federal Register.* A copy is available at https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-13792.pdf. Publication is slated for June 30.

COMMENT

The overall economic impact of the HH PPS payment rate update is an estimated $540 million in increased payments.

This reflects the effects of the CY 2021 home health payment update percentage of 3.1% less a productivity adjustment of 0.4% and a reduction in declining rural add-on percentages mandated by the Bipartisan Budget Act of 2018.

The rule has no table of contents, and there are no page numbers.

CURRENT SYSTEM FOR PAYMENT OF HOME HEALTH SERVICES BEGINNING IN CY 2020 AND SUBSEQUENT YEAR

The following is a very brief description of the HH Patient-Driven Grouping Model.

In the CY 2019 HH PPS final rule, CMS finalized case-mix methodology refinements through the Patient-Driven Groupings Model for home health periods of care beginning on or after Jan. 1, 2020.

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MISSOURI HOSPITAL ASSOCIATION

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To adjust for case-mix for 30-day periods of care beginning on and after Jan. 1, 2020, the HH PPS uses a 432-category case mix classification system to assign patients to a home health resource group using patient characteristics and other clinical information from Medicare claims and the Outcome and Assessment Information Set (OASIS) assessment instrument. These 432 HHRGs represent the different payment groups based on five main case-mix variables under the PDGM.

Each HHRG has an associated case-mix weight, which is used in calculating the payment for a 30-day period of care. For periods of care with visits less than the low-utilization payment adjustment threshold for each HHRG, Medicare pays national per-visit rates based on the discipline(s) providing the services. Medicare also adjusts the national standardized 30-day period payment rate for certain intervening events that are subject to a partial payment adjustment. For certain cases that exceed a specific cost threshold, an outlier adjustment also may be available.

Each 30-day period of care is grouped into one of 12 clinical groups, which describe the primary reason for which patients are receiving home health services under the Medicare home health benefit. The clinical grouping is based on the principal diagnosis reported on home health claims.

Each 30-day period of care will be placed into one of three functional impairment levels, low, medium or high, based on responses to certain OASIS functional items associated with grooming, bathing, dressing, ambulating, transferring and risk for hospitalization.

Thirty-day periods will receive a comorbidity adjustment category based on the presence of certain secondary diagnoses reported on home health claims.

PROPOSED PDGM CASE-MIX AND LUPA THRESHOLDS FOR CY 2021

CMS is proposing to maintain the current PDGM case-mix weights and LUPA thresholds finalized and shown in Table 16 of the CY 2020 HH PPS final rule for CY 2021.

PROPOSED CY 2021 HOME HEALTH PAYMENT RATE UPDATES

1. Proposed Market Basket

The proposed home health update percentage for CY 2021 is based on an estimated home health market basket update of 3.1%.

The estimated CY 2021 home health market basket update of 3.1% is then reduced by a MFP adjustment, as mandated by the Affordable Care Act, currently estimated to be 0.4 percentage point for CY 2021. In effect, the proposed home health payment update percentage for CY 2021 is a 2.7% increase.

Section 1895(b)(3)(B)(v) of the Act requires that the home health update be decreased by 2 percentage points for those HHAs that do not submit quality data as required by the Secretary. For HHAs that do not submit the required quality data for CY 2021, the home health payment update would be 0.7% (2.7% minus 2.0 percentage points).

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CMS will maintain the current labor amounts of 76.1% and the non-labor related share of 23.9%.

2. Proposed CY 2021 Home Health Wage Index

a. Proposed Implementation of New Labor Market Delineations

CMS is proposing to implement new OMB delineations as described in the Sept. 14, 2018 OMB Bulletin No. 18-04 for the home health wage index effective beginning in CY 2021.

A copy of the September 2018 bulletin is available at https://www.whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf.

Urban Counties Becoming Rural

If CMS adopts the new OMB delineations, a total of 34 counties (and county equivalents) that are currently considered urban would be considered rural beginning in CY 2021. Refer to the rule's Table 3 for a list of these counties.

Rural Counties Becoming Urban

If CMS finalizes its proposal to implement the new OMB delineations, a total of 47 counties (and county equivalents) that are currently designated rural would be considered urban beginning in CY 2021. Refer to the rule's Table 4 for a list of these counties.

Urban Counties Moving to a Different Urban CBSA

In addition to rural counties becoming urban and urban counties becoming rural, several urban counties would shift from one urban CBSA to another urban CBSA. Refer to the rule's Table 5 for a list of these areas.

Counties That Would Change to a Different CBSA

In some cases, a CBSA would lose counties to another existing CBSA. The rule's Table 6 lists the urban counties that would move from one urban CBSA to a newly or modified CBSA if CMS adopts the new OMB delineations.

b. Proposed Transition Period

CMS believes that using the new OMB delineations would create a more accurate payment adjustment for differences in area wage levels. The agency is proposing to include a cap of 5% on any overall decrease in a geographic area's wage index value. This adjustment only would be for CY 2020.

COMMENT

CMS proposes in the absence of HH-specific wage data that accounts for area differences, using inpatient hospital wage data is appropriate and reasonable for the HH PPS.

The proposed wage index applicable to CY 2021 can be found on the CMS website at https://www.cms.gov/Center/Provider-Type/Home-Health-Agency-HHA-Center. The proposed HH PPS wage index for CY 2021 would be effective Jan. 1, 2021 through Dec. 31, 2021.

CMS says the wage index budget neutrality factor for CY 2021 would be 0.9985.

3. Proposed CY 2021 National, Standardized 30-Day Episode Payment Rate

The proposed CY 2021 national standardized 30-day episode payment rate is as follows.

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CY 2020 30-day Budget Neutral (BN) Standard Amount	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update	Proposed CY 2021 National, Standardized 30-Day Episode Payment
$1,864.03	X 0.9987	X 1.027	$1,911.87

The proposed CY 2021 30-day national standardized 30-day episode payment amount for HHAs that DO NOT submit quality data is as follows.

CY 2020 National, Standardized 30-Day Episode Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update Minus 2.0 Percentage Points	Proposed CY 2021 National, Standardized 30-Day Episode Payment
$1,864.03	X 0.9987	X 1.007	$1,874.64

4. CY 2021 National Per-Visit Rates for 30-day Periods of Care

The proposed CY 2021 national per-visit rates for HHAs that submit required quality data are updated by the CY 2021 HH payment update percentage of 2.7% and are shown in the table below.

Proposed CY 2021 National Per-Visit Rates for 30-day Periods of Care				
HH Discipline	CY 2020 Per-Visit Payment	Wage Index Budget Neutrality Factor	Proposed CY 2021 HH Payment Update	Proposed CY 2021 Per-Visit Payment
Home Health Aide	$67.78	X 0.9988	X 1.027	$69.53
Medical Social Services	$239.92	X 0.9988	X 1.027	$246.10
Occupational Therapy	$164.74	X 0.9988	X 1.027	$168.98
Physical Therapy	$163.61	X 0.9988	X 1.027	$167.83
Skilled Nursing	$149.68	X 0.9988	X 1.027	$153.54
Speech-Language Pathology	$177.84	X 0.9988	X 1.027	$182.42

5. Rural Add-On Payments for CY 2021 and CY 2022

Section 50208(a)(1)(D) of the BBA of 2018 added a new subsection (b) to section 421 of the Medicare Modernization Act to provide rural add-on payments for episodes or visits ending during CYs 2019 through 2022.

It also mandated implementation of a new methodology for applying those payments. Unlike previous rural add-ons, which were applied to all rural areas uniformly, the extension provided varying add-on amounts depending on the rural county (or equivalent area) classification by classifying each rural county (or equivalent area) into one of three distinct categories: (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 (the "High utilization" category); (2) rural counties and equivalent areas

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with a population density of six individuals or fewer per square mile of land area and are not included in the "High utilization" category (the "Low population density" category); and

(3) rural counties and equivalent areas not in either the "High utilization" or "Low population density" categories (the "All other" category).

The data used to categorize each county or equivalent area is available in the Downloads section associated with the publication of this rule at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices.html.

The CY 2020 through 2022 rural add-on percentages outlined in law are shown below.

Category	CY 2020	CY 2021	CY 2022
High utilization	0.5%	None	None
Low population density	3.0%	2.0%	1.0%
All other	2.0%	1.0%	None

6. Proposed Payments for High-Cost Outliers under the HH PPS

Given the statutory requirement that total outlier payments not exceed 2.5% of the total payments estimated to be made under the HH PPS, CMS finalized that the FDL ratio for 30-day periods of care in CY 2020 would need to be set at 0.63.

For CY 2021, CMS is proposing to maintain the fixed-dollar loss ratio of 0.63, as finalized for CY 2020.

7. The Use of Technology under the Medicare Home Health Benefit

CMS is proposing to permanently finalize the amendment to § 409.43(a) as outlined in the first COVID-19 PHE IFC (85 FR 19230) to allow the use of telecommunications technology included as part of the home health plan of care as long as the use of such technology does not substitute for ordered in-person visits. CMS also is proposing to allow HHAs to continue to report the costs of telehealth/telemedicine as allowable administrative costs on line 5 of the home health agency cost report.

UPDATES TO THE HOME HEALTH CARE QUALITY REPORTING PROGRAM (HH QRP)

There are no proposals or updates in this proposed rule for the Home Health Quality Reporting Program. The HH QRP currently includes 20 measures for the CY 2022 program year, as outlined in Table 28 of the CY 2020 HH PPS final rule.

MEDICARE COVERAGE OF HOME INFUSION THERAPY SERVICES

Section 1834(u)(1) of the Act requires the Secretary to implement a payment system under which, beginning Jan. 1, 2021, a single payment is made to a qualified home infusion therapy supplier for the items and services (professional services, including nursing services; training and education; remote monitoring, and other monitoring services).

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Payment Categories and Payment Amounts for Home Infusion Therapy Services for CY 2021

Section 1834(u)(7)(C) of the Act established three payment categories, with an associated J-code for each transitional home infusion drug, for the home infusion therapy services temporary transitional payment. Payment category 1 comprises certain intravenous infusion drugs for therapy, prophylaxis, or diagnosis, including, but not limited to, antifungals and antivirals; inotropic and pulmonary hypertension drugs; pain management drugs; and chelation drugs. Payment category 2 comprises subcutaneous infusions for therapy or prophylaxis, including, but not limited to, certain subcutaneous immunotherapy infusions. Payment category 3 comprises intravenous chemotherapy infusions, including certain chemotherapy drugs and biologicals.

The rule's Table 12 provides the list of J-codes associated with the infusion drugs that fall within each of the payment categories.

CY 2021 Payment Amounts for Home Infusion Therapy Services

Table 13 below shows the payment categories with the CPT codes and units for such codes for home infusion therapy services in CY 2021 and subsequent calendar years.

Table 13 Payment Categories for Home Infusion Therapy Services Payment for CY 2021

CPT CODE	DESCRIPTION	UNITS
	CATEGORY 1	
96365	Therapeutic, Prophylactic, and Diagnostic Injections and Infusions (Excludes Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration)- up to one hour	1
96366	Therapeutic, Prophylactic, and Diagnostic Injections and Infusions (Excludes Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration)- each additional hour	4
	CATEGORY 2	
96369	Therapeutic, Prophylactic, and Diagnostic Injections and Infusions (Excludes Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration)- up to one hour	1
96370	Therapeutic, Prophylactic, and Diagnostic Injections and Infusions (Excludes Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration)- each additional hour	4
	CATEGORY 3	
96413	Injection and Intravenous Infusion Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration- up to one hour	1
96415	Injection and Intravenous Infusion Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration- each additional hour	4

The rule's table 15 shows the 5-hour payment amounts (using CY 2020 PFS rates) reflecting the increased payment for the first visit and the decreased payment for all subsequent visits. The payment amounts for this proposed rule are estimated using CY 2020 rates because the CY 2021 PFS rates are not available at the time of this rule making. The final home infusion 5-hour payment amounts will be released in a CR when the final CY 2021 PFS rates are posted.

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Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

Table 15: 5-Hour Payment Amounts Reflecting Payment Rates for First and Subsequent Visits

Description	2020 Proposed PFS Amounts	5-hour Payment – First Visit	5-hour Payment – Subsequent Visits
Ther, Proph, Diag IV/IN infusion 1 hr	$72.18	$256.35	$154.26
Ther, Proph, Diag IV/IN infusion add hr	$22.01		
Sub Q Ther Inf 1 hr	$162.04	$358.59 (category 2)	$215.78 (category 2)
Sub Q Ther Inf add hr	$15.52		
Chemo Inf 1 hr	$142.55	$424.43 (category 3)	$255.40 (category 3)
Chemo Inf add hr	$30.68		

COMMENT

The issue of Home Infusion Therapy Services is much more involved than the material above would suggest.