

# Issue Brief

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## CMS Publishes Proposed Home Health Update for CY 2018

The Centers for Medicare and Medicaid Services has issued a proposed calendar year 2018 update to the home health PPS.

The 389-page rule is currently on display at the *Federal Register* at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2017-15825.pdf>. Publication is slated for July 28. A comment period ending September 25 is provided.

The rule would update the HH PPS payment rates, including the national, standardized 60-day episode payment rates, the national per-visit rates, and the non-routine medical supply conversion factor.

The rule would also: (1) update the HH PPS case-mix weights; (2) implement the third year of a three-year reduction to the national, standardized 60-day episode payment to account for estimated case-mix growth unrelated to increases in patient acuity (that is, nominal case-mix growth) between CY 2012 and CY 2014; and (3) address CMS' efforts to monitor the potential impacts of the rebasing adjustments that were implemented in CY 2014 through CY 2017.

### COMMENT

This rule is much more than a simple update of payment rates. It proposes changes to the case-mix and payment periods to pay HHAs beginning in CY 2019 with significant payment reductions. CMS believes that HH payments are too high.

The CY 2018 overall economic impact of the HH PPS payment rate update is an estimated minus \$80 million (-0.4 percent) in payments. The -\$80 million impact reflects the distributional effects of a 0.5 percent reduction in payments due to the sunset of the rural add-on provision (\$100 million decrease), a 1.0 percent home health payment update percentage (\$190 million increase), and a -0.97 percent adjustment to the national, standardized 60-day episode payment rate to account for nominal case-mix growth for an impact of -0.9 percent (\$170 million decrease).

For CY 2019, CMS says the overall impact of its proposed HH PPS case-mix adjustment methodology and refinements, including a change in the unit of payment from 60-day episodes to 30-day periods of care, is an estimated minus \$950 million (-4.3 percent) if the refinements are implemented in a non-budget neutral manner. The overall impact is an estimated -\$480 million (-2.2 percent) in payments in CY 2019 if the refinements are implemented in a partially budget-neutral manner."

CMS notes that changing the unit of payment from a 60-day episode to a 30-day period is not subject to the budget neutrality requirements under section 1895 of the Act.

4712 Country Club Drive  
Jefferson City, MO 65109

P.O. Box 60  
Jefferson City, MO 65102

573/893-3700  
[www.mhanet.com](http://www.mhanet.com)



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## CY 2018 HH PPS CASE-MIX WEIGHTS

The proposed CY 2018 case-mix weights are shown in the table below. There are 153 weights comprising the home health resource groups.

Proposed CY 2018 Case-Mix Payment Weights			
Pay Group	Description	Clinical and Functional Levels 1 = Low; 2 = Medium; 3 = High	Proposed CY 2018 Weight
10111	1st and 2nd Episodes, 0 to 5 Therapy Visits	C1F1S1	0.5617
10112	1st and 2nd Episodes, 6 Therapy Visits	C1F1S2	0.6925
10113	1st and 2nd Episodes, 7 to 9 Therapy Visits	C1F1S3	0.8232
10114	1st and 2nd Episodes, 10 Therapy Visits	C1F1S4	0.9539
10115	1st and 2nd Episodes, 11 to 13 Therapy Visits	C1F1S5	1.0846
10121	1st and 2nd Episodes, 0 to 5 Therapy Visits	C1F2S1	0.6662
10122	1st and 2nd Episodes, 6 Therapy Visits	C1F2S2	0.7845
10123	1st and 2nd Episodes, 7 to 9 Therapy Visits	C1F2S3	0.9027
10124	1st and 2nd Episodes, 10 Therapy Visits	C1F2S4	1.0209
10125	1st and 2nd Episodes, 11 to 13 Therapy Visits	C1F2S5	1.1392
10131	1st and 2nd Episodes, 0 to 5 Therapy Visits	C1F3S1	0.7157
10132	1st and 2nd Episodes, 6 Therapy Visits	C1F3S2	0.8311
10133	1st and 2nd Episodes, 7 to 9 Therapy Visits	C1F3S3	0.9464
10134	1st and 2nd Episodes, 10 Therapy Visits	C1F3S4	1.0618
10135	1st and 2nd Episodes, 11 to 13 Therapy Visits	C1F3S5	1.1772
10211	1st and 2nd Episodes, 0 to 5 Therapy Visits	C2F1S1	0.5975
10212	1st and 2nd Episodes, 6 Therapy Visits	C2F1S2	0.7343
10213	1st and 2nd Episodes, 7 to 9 Therapy Visits	C2F1S3	0.8711
10214	1st and 2nd Episodes, 10 Therapy Visits	C2F1S4	1.0078
10215	1st and 2nd Episodes, 11 to 13 Therapy Visits	C2F1S5	1.1446
10221	1st and 2nd Episodes, 0 to 5 Therapy Visits	C2F2S1	0.7020
10222	1st and 2nd Episodes, 6 Therapy Visits	C2F2S2	0.8263
10223	1st and 2nd Episodes, 7 to 9 Therapy Visits	C2F2S3	0.9506
10224	1st and 2nd Episodes, 10 Therapy Visits	C2F2S4	1.0749
10225	1st and 2nd Episodes, 11 to 13 Therapy Visits	C2F2S5	1.1991
10231	1st and 2nd Episodes, 0 to 5 Therapy Visits	C2F3S1	0.7514
10232	1st and 2nd Episodes, 6 Therapy Visits	C2F3S2	0.8729
10233	1st and 2nd Episodes, 7 to 9 Therapy Visits	C2F3S3	0.9943
10234	1st and 2nd Episodes, 10 Therapy Visits	C2F3S4	1.1157
10235	1st and 2nd Episodes, 11 to 13 Therapy Visits	C2F3S5	1.2372
10311	1st and 2nd Episodes, 0 to 5 Therapy Visits	C3F1S1	0.6412
10312	1st and 2nd Episodes, 6 Therapy Visits	C3F1S2	0.7929
10313	1st and 2nd Episodes, 7 to 9 Therapy Visits	C3F1S3	0.9446
10314	1st and 2nd Episodes, 10 Therapy Visits	C3F1S4	1.0963
10315	1st and 2nd Episodes, 11 to 13 Therapy Visits	C3F1S5	1.2480
10321	1st and 2nd Episodes, 0 to 5 Therapy Visits	C3F2S1	0.7457

### Proposed CY 2018 Case-Mix Payment Weights

Pay Group	Description	Clinical and Functional Levels 1 = Low; 2 = Medium; 3 = High	Proposed CY 2018 Weight
10322	1st and 2nd Episodes, 6 Therapy Visits	C3F2S2	0.8850
10323	1st and 2nd Episodes, 7 to 9 Therapy Visits	C3F2S3	1.0242
10324	1st and 2nd Episodes, 10 Therapy Visits	C3F2S4	1.1634
10325	1st and 2nd Episodes, 11 to 13 Therapy Visits	C3F2S5	1.3026
10331	1st and 2nd Episodes, 0 to 5 Therapy Visits	C3F3S1	0.7952
10332	1st and 2nd Episodes, 6 Therapy Visits	C3F3S2	0.9315
10333	1st and 2nd Episodes, 7 to 9 Therapy Visits	C3F3S3	1.0679
10334	1st and 2nd Episodes, 10 Therapy Visits	C3F3S4	1.2043
10335	1st and 2nd Episodes, 11 to 13 Therapy Visits	C3F3S5	1.3406
21111	1st and 2nd Episodes, 14 to 15 Therapy Visits	C1F1S1	1.2154
21112	1st and 2nd Episodes, 16 to 17 Therapy Visits	C1F1S2	1.3780
21113	1st and 2nd Episodes, 18 to 19 Therapy Visits	C1F1S3	1.5406
21121	1st and 2nd Episodes, 14 to 15 Therapy Visits	C1F2S1	1.2574
21122	1st and 2nd Episodes, 16 to 17 Therapy Visits	C1F2S2	1.4176
21123	1st and 2nd Episodes, 18 to 19 Therapy Visits	C1F2S3	1.5779
21131	1st and 2nd Episodes, 14 to 15 Therapy Visits	C1F3S1	1.2926
21132	1st and 2nd Episodes, 16 to 17 Therapy Visits	C1F3S2	1.4558
21133	1st and 2nd Episodes, 18 to 19 Therapy Visits	C1F3S3	1.6189
21211	1st and 2nd Episodes, 14 to 15 Therapy Visits	C2F1S1	1.2814
21212	1st and 2nd Episodes, 16 to 17 Therapy Visits	C2F1S2	1.4573
21213	1st and 2nd Episodes, 18 to 19 Therapy Visits	C2F1S3	1.6332
21221	1st and 2nd Episodes, 14 to 15 Therapy Visits	C2F2S1	1.3234
21222	1st and 2nd Episodes, 16 to 17 Therapy Visits	C2F2S2	1.4970
21223	1st and 2nd Episodes, 18 to 19 Therapy Visits	C2F2S3	1.6705
21231	1st and 2nd Episodes, 14 to 15 Therapy Visits	C2F3S1	1.3586
21232	1st and 2nd Episodes, 16 to 17 Therapy Visits	C2F3S2	1.5351
21233	1st and 2nd Episodes, 18 to 19 Therapy Visits	C2F3S3	1.7116
21311	1st and 2nd Episodes, 14 to 15 Therapy Visits	C3F1S1	1.3997
21312	1st and 2nd Episodes, 16 to 17 Therapy Visits	C3F1S2	1.6178
21313	1st and 2nd Episodes, 18 to 19 Therapy Visits	C3F1S3	1.8359
21321	1st and 2nd Episodes, 14 to 15 Therapy Visits	C3F2S1	1.4418
21322	1st and 2nd Episodes, 16 to 17 Therapy Visits	C3F2S2	1.6575
21323	1st and 2nd Episodes, 18 to 19 Therapy Visits	C3F2S3	1.8732
21331	1st and 2nd Episodes, 14 to 15 Therapy Visits	C3F3S1	1.4770
21332	1st and 2nd Episodes, 16 to 17 Therapy Visits	C3F3S2	1.6956
21333	1st and 2nd Episodes, 18 to 19 Therapy Visits	C3F3S3	1.9142
22111	3rd+ Episodes, 14 to 15 Therapy Visits	C1F1S1	1.2300
22112	3rd+ Episodes, 16 to 17 Therapy Visits	C1F1S2	1.3877
22113	3rd+ Episodes, 18 to 19 Therapy Visits	C1F1S3	1.5455
22121	3rd+ Episodes, 14 to 15 Therapy Visits	C1F2S1	1.2549
22122	3rd+ Episodes, 16 to 17 Therapy Visits	C1F2S2	1.4159

**Proposed CY 2018 Case-Mix Payment Weights**

<b>Pay Group</b>	<b>Description</b>	<b>Clinical and Functional Levels 1 = Low; 2 = Medium; 3 = High</b>	<b>Proposed CY 2018 Weight</b>
22123	3rd+ Episodes, 18 to 19 Therapy Visits	C1F2S3	1.5770
22131	3rd+ Episodes, 14 to 15 Therapy Visits	C1F3S1	1.3037
22132	3rd+ Episodes, 16 to 17 Therapy Visits	C1F3S2	1.4632
22133	3rd+ Episodes, 18 to 19 Therapy Visits	C1F3S3	1.6226
22211	3rd+ Episodes, 14 to 15 Therapy Visits	C2F1S1	1.2852
22212	3rd+ Episodes, 16 to 17 Therapy Visits	C2F1S2	1.4598
22213	3rd+ Episodes, 18 to 19 Therapy Visits	C2F1S3	1.6345
22221	3rd+ Episodes, 14 to 15 Therapy Visits	C2F2S1	1.3100
22222	3rd+ Episodes, 16 to 17 Therapy Visits	C2F2S2	1.4880
22223	3rd+ Episodes, 18 to 19 Therapy Visits	C2F2S3	1.6660
22231	3rd+ Episodes, 14 to 15 Therapy Visits	C2F3S1	1.3588
22232	3rd+ Episodes, 16 to 17 Therapy Visits	C2F3S2	1.5352
22233	3rd+ Episodes, 18 to 19 Therapy Visits	C2F3S3	1.7117
22311	3rd+ Episodes, 14 to 15 Therapy Visits	C3F1S1	1.4954
22312	3rd+ Episodes, 16 to 17 Therapy Visits	C3F1S2	1.6816
22313	3rd+ Episodes, 18 to 19 Therapy Visits	C3F1S3	1.8678
22321	3rd+ Episodes, 14 to 15 Therapy Visits	C3F2S1	1.5202
22322	3rd+ Episodes, 16 to 17 Therapy Visits	C3F2S2	1.7098
22323	3rd+ Episodes, 18 to 19 Therapy Visits	C3F2S3	1.8993
22331	3rd+ Episodes, 14 to 15 Therapy Visits	C3F3S1	1.5690
22332	3rd+ Episodes, 16 to 17 Therapy Visits	C3F3S2	1.7570
22333	3rd+ Episodes, 18 to 19 Therapy Visits	C3F3S3	1.9449
30111	3rd+ Episodes, 0 to 5 Therapy Visits	C1F1S1	0.4628
30112	3rd+ Episodes, 6 Therapy Visits	C1F1S2	0.6163
30113	3rd+ Episodes, 7 to 9 Therapy Visits	C1F1S3	0.7697
30114	3rd+ Episodes, 10 Therapy Visits	C1F1S4	0.9232
30115	3rd+ Episodes, 11 to 13 Therapy Visits	C1F1S5	1.0766
30121	3rd+ Episodes, 0 to 5 Therapy Visits	C1F2S1	0.5455
30122	3rd+ Episodes, 6 Therapy Visits	C1F2S2	0.6874
30123	3rd+ Episodes, 7 to 9 Therapy Visits	C1F2S3	0.8293
30124	3rd+ Episodes, 10 Therapy Visits	C1F2S4	0.9711
30125	3rd+ Episodes, 11 to 13 Therapy Visits	C1F2S5	1.1130
30131	3rd+ Episodes, 0 to 5 Therapy Visits	C1F3S1	0.5903
30132	3rd+ Episodes, 6 Therapy Visits	C1F3S2	0.7330
30133	3rd+ Episodes, 7 to 9 Therapy Visits	C1F3S3	0.8757
30134	3rd+ Episodes, 10 Therapy Visits	C1F3S4	1.0183
30135	3rd+ Episodes, 11 to 13 Therapy Visits	C1F3S5	1.1610
30211	3rd+ Episodes, 0 to 5 Therapy Visits	C2F1S1	0.4835
30212	3rd+ Episodes, 6 Therapy Visits	C2F1S2	0.6438
30213	3rd+ Episodes, 7 to 9 Therapy Visits	C2F1S3	0.8041
30214	3rd+ Episodes, 10 Therapy Visits	C2F1S4	0.9645



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Proposed CY 2018 Case-Mix Payment Weights			
Pay Group	Description	Clinical and Functional Levels 1 = Low; 2 = Medium; 3 = High	Proposed CY 2018 Weight
30215	3rd+ Episodes, 11 to 13 Therapy Visits	C2F1S5	1.1248
30221	3rd+ Episodes, 0 to 5 Therapy Visits	C2F2S1	0.5662
30222	3rd+ Episodes, 6 Therapy Visits	C2F2S2	0.7149
30223	3rd+ Episodes, 7 to 9 Therapy Visits	C2F2S3	0.8637
30224	3rd+ Episodes, 10 Therapy Visits	C2F2S4	1.0125
30225	3rd+ Episodes, 11 to 13 Therapy Visits	C2F2S5	1.1612
30231	3rd+ Episodes, 0 to 5 Therapy Visits	C2F3S1	0.6110
30232	3rd+ Episodes, 6 Therapy Visits	C2F3S2	0.7605
30233	3rd+ Episodes, 7 to 9 Therapy Visits	C2F3S3	0.9101
30234	3rd+ Episodes, 10 Therapy Visits	C2F3S4	1.0597
30235	3rd+ Episodes, 11 to 13 Therapy Visits	C2F3S5	1.2093
30311	3rd+ Episodes, 0 to 5 Therapy Visits	C3F1S1	0.5993
30312	3rd+ Episodes, 6 Therapy Visits	C3F1S2	0.7785
30313	3rd+ Episodes, 7 to 9 Therapy Visits	C3F1S3	0.9577
30314	3rd+ Episodes, 10 Therapy Visits	C3F1S4	1.1369
30315	3rd+ Episodes, 11 to 13 Therapy Visits	C3F1S5	1.3162
30321	3rd+ Episodes, 0 to 5 Therapy Visits	C3F2S1	0.6820
30322	3rd+ Episodes, 6 Therapy Visits	C3F2S2	0.8496
30323	3rd+ Episodes, 7 to 9 Therapy Visits	C3F2S3	1.0173
30324	3rd+ Episodes, 10 Therapy Visits	C3F2S4	1.1849
30325	3rd+ Episodes, 11 to 13 Therapy Visits	C3F2S5	1.3526
30331	3rd+ Episodes, 0 to 5 Therapy Visits	C3F3S1	0.7268
30332	3rd+ Episodes, 6 Therapy Visits	C3F3S2	0.8952
30333	3rd+ Episodes, 7 to 9 Therapy Visits	C3F3S3	1.0637
30334	3rd+ Episodes, 10 Therapy Visits	C3F3S4	1.2321
30335	3rd+ Episodes, 11 to 13 Therapy Visits	C3F3S5	1.4006
40111	All Episodes, 20+ Therapy Visits	C1F1S1	1.7032
40121	All Episodes, 20+ Therapy Visits	C1F2S1	1.7381
40131	All Episodes, 20+ Therapy Visits	C1F3S1	1.7821
40211	All Episodes, 20+ Therapy Visits	C2F1S1	1.8091
40221	All Episodes, 20+ Therapy Visits	C2F2S1	1.8440
40231	All Episodes, 20+ Therapy Visits	C2F3S1	1.8881
40311	All Episodes, 20+ Therapy Visits	C3F1S1	2.0539
40321	All Episodes, 20+ Therapy Visits	C3F2S1	2.0889
40331	All Episodes, 20+ Therapy Visits	C3F3S1	2.1329

## CY 2018 RATE UPDATE

### Proposed CY 2018 Home Health Marketbasket Update

Prior to the enactment of the Medicare Access and CHIP Reauthorization Act of 2015 the proposed home health update percentage for CY 2018 would have been based on an estimated home health marketbasket update of 2.7 percent. The estimate of 2.7 percent



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would have been reduced by a Multi Factor Productivity adjustment as mandated by the Affordable Care Act (currently estimated to be 0.5 percentage point for CY 2018). In effect, the proposed home health payment update percentage for CY 2018 would have been 2.2 percent.

However, MACRA specifies the home health payment update for CY 2018 to be 1.0 percent. HHAs that do not submit quality data, the update would be 2.0 percent less.

### Proposed CY 2018 Area Wage Index

The proposed CY 2018 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>.

### Proposed CY 2018 Annual Payment Update

The CY 2018 labor-related share of the case-mix adjusted 60-day episode rate would continue to be 78.535 percent and the non-labor-related share would continue to be 21.465 percent.

CMS would apply a reduction of 0.97 percent to the national, standardized 60-day episode payment rate in CY 2018 to account for nominal case-mix growth between CY 2012 and CY 2014.

The proposed CY 2018 national, standardized 60-day episode payment rate is calculated as follows.

Proposed CY 2018 60-day National, Standardized 60-Day Episode Payment Amount					
CY 2017 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)	Proposed CY 2018 HH Payment Update	Proposed CY 2018 National, Standardized 60-Day Episode Payment
\$2,989.97	X 1.0001	X 1.0159	X 0.9903	X 1.01	\$3,038.43

Proposed 2018 National, Standardized 60-Day Episode Payment Amount for HHAs That Do Not Submit the Quality Data					
CY 2017 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)	Proposed CY 2018 HH Payment Update Minus 2 Percentage Points	Proposed CY 2018 National, Standardized 60-Day Episode Payment
\$2,989.97	X 1.0001	X 1.0159	X 0.9903	X 0.99	\$2,978.26

## Proposed CY 2018 National Per-Visit Rates

The national per-visit rates are used to pay the Low-Utilization Payment Adjustment (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).

Proposed CY 2018 National Per-Visit Payment Amounts for HHAs That Submit the Required Quality Data				
HH Discipline Type	CY 2017 Per-Visit Payment	Wage Index Budget Neutrality Factor	Proposed CY 2018 HH Payment Update	Proposed CY 2018 Per-Visit Payment
Home Health Aide	\$64.23	X 1.0005	X 1.01	\$64.90
Medical Social Services	\$227.36	X 1.0005	X 1.01	\$229.75
Occupational Therapy	\$156.11	X 1.0005	X 1.01	\$157.75
Physical Therapy	\$155.05	X 1.0005	X 1.01	\$156.68
Skilled Nursing	\$141.84	X 1.0005	X 1.01	\$143.33
Speech- Language Pathology	\$168.52	X 1.0005	X 1.01	\$170.29

Proposed CY 2017 National Per-Visit Payment Amounts for HHAs That Do Not Submit the Required Quality Data				
HH Discipline Type	CY 2017 Per-Visit Rates	Wage Index Budget Neutrality Factor	Proposed CY 2018 HH Payment Update Minus 2 Percentage Points	Proposed CY 2018 Per-Visit Rates
Home Health Aide	\$64.23	X 1.0005	X 0.99	\$63.62
Medical Social Services	\$227.36	X 1.0005	X 0.99	\$225.20
Occupational Therapy	\$156.11	X 1.0005	X 0.99	\$154.63
Physical Therapy	\$155.05	X 1.0005	X 0.99	\$153.58
Skilled Nursing	\$141.84	X 1.0005	X 0.99	\$140.49
Speech- Language Pathology	\$168.52	X 1.0005	X 0.99	\$166.92

## Proposed CY 2018 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.

Proposed CY 2018 NRS Conversion Factor for HHAs that Submit the Required Quality Data		
CY 2017 NRS Conversion Factor	Proposed CY 2018 HH Payment Update	Proposed CY 2018 NRS Conversion Factor
\$52.50	X 1.01	\$53.03

Proposed CY 2018 NRS Payment Amounts for HHAs that Submit the Required Quality Data			
Severity Level	Points (Scoring)	Relative Weight	Proposed CY 2017 NRS Payment Amounts
1	0	0.2698	\$ 14.31
2	1 to 14	0.9742	\$ 51.66
3	15 to 27	2.6712	\$ 141.65
4	28 to 48	3.9686	\$ 210.45
5	49 to 98	6.1198	\$ 324.53
6	99+	10.5254	\$ 558.16

For non-quality reporters see the rule's tables 15 and 16.

### Rural Add-On

For episodes and visits that end on or after January 1, 2018, the rural add-on payment will no longer apply.

### Payments for High-Cost Outliers under the HH PPS

Using preliminary CY 2016 claims data (as of March 17, 2017) and the proposed CY 2018 payment rates presented, CMS estimates that outlier payments would constitute approximately 2.47 percent of total HH PPS payments in CY 2018 under CMS' current outlier methodology. Given the statutory requirement to target up to, but no more than, 2.5 percent of total payments as outlier payments, CMS is not proposing a change to the FDL ratio for CY 2018 and would maintain an FDL ratio of 0.55 with a loss-sharing ratio of 0.80.

### PROPOSED IMPLEMENTATION OF THE HOME HEALTH GROUPINGS MODEL FOR CY 2019

CMS says “to better align payment with patient care needs and better ensure that clinically complex and ill beneficiaries have adequate access to home health care, we are proposing for CY 2019 case-mix methodology refinements through the implementation of the Home Health Groupings Model.”

The HHGM uses 30-day periods rather than the 60-day episode used in the current payment system, eliminates the use of the number of therapy visits provided to determine payment, and relies more heavily on clinical characteristics and other patient information (for example, diagnosis, functional level, comorbid conditions, admission source) to place patients into clinically meaningful payment categories. In total, there would be 144 different payment groups in the HHGM.

For the HHGM, CMS proposes shifting to a Cost-Per-Minute plus Non-Routine Supplies (CPM + NRS) approach, which uses information from the Medicare Cost Report.

Under the HHGM, each period would be classified into one of two admission source categories—community or institutional—depending on what healthcare setting was utilized in the 14 days prior to home health.



CMS proposes grouping periods into one of six clinical groups based on the principal diagnosis with the implementation of the HHGM. The proposed six clinical groups are as follows:

- Musculoskeletal Rehabilitation
- Neuro/Stroke Rehabilitation
- Wounds- Post-Op Wound Aftercare and Skin/Non-Surgical Wound Care
- Complex Nursing Interventions
- Behavioral Health Care
- Medication Management, Teaching and Assessment

While the proposed HHGM would reflect a change in the case-mix adjustment methodology, CMS says the conditions for payment would remain the same for Medicare home health services.

The following table contains the proposed 144 HHRGs.

<b>Case-Mix Weights for Each HHRG Payment Group, Based on 2016 Data</b>				
<b>HIPPS</b>	<b>Clinical Group and Functional Level</b>	<b>Timing and Admission Source</b>	<b>Comorbidity Adjustment</b>	<b>Weight Based on CY 2016</b>
1AAN	MMTA - Low	Early - Community	No	0.9671
1AAZ	MMTA - Low	Early - Community	Yes	1.1210
1ABN	MMTA - Medium	Early - Community	No	1.1178
1ABY	MMTA - Medium	Early - Community	Yes	1.2717
1ACN	MMTA - High	Early - Community	No	1.2411
1ACY	MMTA - High	Early - Community	Yes	1.3950
1BAN	Neuro - Low	Early - Community	No	1.1919
1BAY	Neuro - Low	Early - Community	Yes	1.3458
1BBN	Neuro - Medium	Early - Community	No	1.3686
1BBY	Neuro - Medium	Early - Community	Yes	1.5225
1BCN	Neuro - High	Early - Community	No	1.4745
1BCY	Neuro - High	Early - Community	Yes	1.6284
1CAN	Wound - Low	Early - Community	No	1.3346
1CAY	Wound - Low	Early - Community	Yes	1.4885
1CBN	Wound - Medium	Early - Community	No	1.4797
1CBY	Wound - Medium	Early - Community	Yes	1.6336
1CCN	Wound - High	Early - Community	No	1.6284
1CCY	Wound - High	Early - Community	Yes	1.7823
1DAN	Complex - Low	Early - Community	No	1.0301
1DAY	Complex - Low	Early - Community	Yes	1.1840
1DBN	Complex - Medium	Early - Community	No	1.2653
1DBY	Complex - Medium	Early - Community	Yes	1.4192
1DCN	Complex - High	Early - Community	No	1.3699
1DCY	Complex - High	Early - Community	Yes	1.5238
1EAN	MS Rehab - Low	Early - Community	No	1.0647
1EAY	MS Rehab - Low	Early - Community	Yes	1.2186

<b>Case-Mix Weights for Each HHRG Payment Group, Based on 2016 Data</b>				
<b>HIPPS</b>	<b>Clinical Group and Functional Level</b>	<b>Timing and Admission Source</b>	<b>Comorbidity Adjustment</b>	<b>Weight Based on CY 2016</b>
1EBN	MS Rehab - Medium	Early - Community	No	1.1900
1EBY	MS Rehab - Medium	Early - Community	Yes	1.3439
1ECN	MS Rehab - High	Early - Community	No	1.3438
1ECY	MS Rehab - High	Early - Community	Yes	1.4977
1FAN	Behavioral Health - Low	Early - Community	No	0.8937
1FAY	Behavioral Health - Low	Early - Community	Yes	1.0476
1FBN	Behavioral Health - Medium	Early - Community	No	1.0790
1FBY	Behavioral Health - Medium	Early - Community	Yes	1.2329
1FCN	Behavioral Health - High	Early - Community	No	1.1885
1FCY	Behavioral Health - Medium	Early - Community	Yes	1.3424
2AAN	MMTA - Low	Early - Institutional	No	1.1381
2AAY	MMTA - Low	Early - Institutional	Yes	1.2920
2ABN	MMTA - Medium	Early - Institutional	No	1.2888
2ABY	MMTA - Medium	Early - Institutional	Yes	1.4427
2ACN	MMTA - High	Early - Institutional	No	1.4120
2ACY	MMTA - High	Early - Institutional	Yes	1.5659
2BAN	Neuro - Low	Early - Institutional	No	1.3628
2BAY	Neuro - Low	Early - Institutional	Yes	1.5167
2BBN	Neuro - Medium	Early - Institutional	No	1.5395
2BBY	Neuro - Medium	Early - Institutional	Yes	1.6934
2BCN	Neuro - High	Early - Institutional	No	1.6455
2BCY	Neuro - High	Early - Institutional	Yes	1.7994
2CAN	Wound - Low	Early - Institutional	No	1.5056
2CAY	Wound - Low	Early - Institutional	Yes	1.6595
2CBN	Wound - Medium	Early - Institutional	No	1.6507
2CBY	Wound - Medium	Early - Institutional	Yes	1.8046
2CCN	Wound - High	Early - Institutional	No	1.7994
2CCY	Wound - High	Early - Institutional	Yes	1.9533
2DAN	Complex - Low	Early - Institutional	No	1.2010
2DAY	Complex - Low	Early - Institutional	Yes	1.3549
2DBN	Complex - Medium	Early - Institutional	No	1.4363
2DBY	Complex - Medium	Early - Institutional	Yes	1.5902
2DCN	Complex - High	Early - Institutional	No	1.5409
2DCY	Complex - High	Early - Institutional	Yes	1.6948
2EAN	MS Rehab - Low	Early - Institutional	No	1.2357
2EAY	MS Rehab - Low	Early - Institutional	Yes	1.3896
2EBN	MS Rehab - Medium	Early - Institutional	No	1.3610
2EBY	MS Rehab - Medium	Early - Institutional	Yes	1.5149
2ECN	MS Rehab - High	Early - Institutional	No	1.5148
2ECY	MS Rehab - High	Early - Institutional	Yes	1.6687
2FAN	Behavioral Health - Low	Early - Institutional	No	1.0646

<b>Case-Mix Weights for Each HHRG Payment Group, Based on 2016 Data</b>				
<b>HIPPS</b>	<b>Clinical Group and Functional Level</b>	<b>Timing and Admission Source</b>	<b>Comorbidity Adjustment</b>	<b>Weight Based on CY 2016</b>
2FAY	Behavioral Health - Low	Early - Institutional	Yes	1.2185
2FBN	Behavioral Health - Medium	Early - Institutional	No	1.2500
2FBY	Behavioral Health - Medium	Early - Institutional	Yes	1.4039
2FCN	Behavioral Health - High	Early - Institutional	No	1.3594
2FCY	Behavioral Health - High	Early - Institutional	Yes	1.5133
3AAN	MMTA - Low	Late - Community	No	0.5769
3AAY	MMTA - Low	Late - Community	Yes	0.7308
3ABN	MMTA - Medium	Late - Community	No	0.7276
3ABY	MMTA - Medium	Late - Community	Yes	0.8815
3ACN	MMTA - High	Late - Community	No	0.8508
3ACY	MMTA - High	Late - Community	Yes	1.0047
3BAN	Neuro - Low	Late - Community	No	0.8016
3BAY	Neuro - Low	Late - Community	Yes	0.9555
3BBN	Neuro - Medium	Late - Community	No	0.9783
3BBY	Neuro - Medium	Late - Community	Yes	1.1322
3BCN	Neuro - High	Late - Community	No	1.0843
3BCY	Neuro - High	Late - Community	Yes	1.2382
3CAN	Wound - Low	Late - Community	No	0.9444
3CAY	Wound - Low	Late - Community	Yes	1.0983
3CBN	Wound - Medium	Late - Community	No	1.0895
3CBY	Wound - Medium	Late - Community	Yes	1.2434
3CCN	Wound - High	Late - Community	No	1.2382
3CCY	Wound - High	Late - Community	Yes	1.3921
3DAN	Complex - Low	Late - Community	No	0.6398
3DAY	Complex - Low	Late - Community	Yes	0.7937
3DBN	Complex - Medium	Late - Community	No	0.8751
3DBY	Complex - Medium	Late - Community	Yes	1.0290
3DCN	Complex - High	Late - Community	No	0.9796
3DCY	Complex - High	Late - Community	Yes	1.1335
3EAN	MS Rehab - Low	Late - Community	No	0.6744
3EAY	MS Rehab - Low	Late - Community	Yes	0.8283
3EBN	MS Rehab - Medium	Late - Community	No	0.7998
3EBY	MS Rehab - Medium	Late - Community	Yes	0.9537
3ECN	MS Rehab - High	Late - Community	No	0.9536
3ECY	MS Rehab - High	Late - Community	Yes	1.1075
3FAN	Behavioral Health - Low	Late - Community	No	0.5034
3FAY	Behavioral Health - Low	Late - Community	Yes	0.6573
3FBN	Behavioral Health - Medium	Late - Community	No	0.6888
3FBY	Behavioral Health - Medium	Late - Community	Yes	0.8427
3FCN	Behavioral Health - High	Late - Community	No	0.7982

<b>Case-Mix Weights for Each HHRG Payment Group, Based on 2016 Data</b>				
<b>HIPPS</b>	<b>Clinical Group and Functional Level</b>	<b>Timing and Admission Source</b>	<b>Comorbidity Adjustment</b>	<b>Weight Based on CY 2016</b>
3FCY	Behavioral Health - High	Late - Community	Yes	0.9521
4AAN	MMTA - Low	Late - Institutional	No	1.0198
4AAY	MMTA - Low	Late - Institutional	Yes	1.1737
4ABN	MMTA - Medium	Late - Institutional	No	1.1705
4ABY	MMTA - Medium	Late - Institutional	Yes	1.3244
4ACN	MMTA - High	Late - Institutional	No	1.2938
4ACY	MMTA - High	Late - Institutional	Yes	1.4477
4BAN	Neuro - Low	Late - Institutional	No	1.2446
4BAY	Neuro - Low	Late - Institutional	Yes	1.3985
4BBN	Neuro - Medium	Late - Institutional	No	1.4213
4BBY	Neuro - Medium	Late - Institutional	Yes	1.5752
4BCN	Neuro - High	Late - Institutional	No	1.5273
4BCY	Neuro - High	Late - Institutional	Yes	1.6812
4CAN	Wound - Low	Late - Institutional	No	1.3874
4CAY	Wound - Low	Late - Institutional	Yes	1.5413
4CBN	Wound - Medium	Late - Institutional	No	1.5325
4CBY	Wound - Medium	Late - Institutional	Yes	1.6864
4CCN	Wound - High	Late - Institutional	No	1.6812
4CCY	Wound - High	Late - Institutional	Yes	1.8351
4DAN	Complex - Low	Late - Institutional	No	1.0828
4DAY	Complex - Low	Late - Institutional	Yes	1.2367
4DBN	Complex - Medium	Late - Institutional	No	1.3180
4DBY	Complex - Medium	Late - Institutional	Yes	1.4719
4DCN	Complex - High	Late - Institutional	No	1.4226
4DCY	Complex - High	Late - Institutional	Yes	1.5765
4EAN	MS Rehab - Low	Late - Institutional	No	1.1174
4EAY	MS Rehab - Low	Late - Institutional	Yes	1.2713
4EBN	MS Rehab - Medium	Late - Institutional	No	1.2428
4EBY	MS Rehab - Medium	Late - Institutional	Yes	1.3967
4ECN	MS Rehab - High	Late - Institutional	No	1.3966
4ECY	MS Rehab - High	Late - Institutional	Yes	1.5505
4FAN	Behavioral Health - Low	Late - Institutional	No	0.9464
4FAY	Behavioral Health - Low	Late - Institutional	Yes	1.1003
4FBN	Behavioral Health - Medium	Late - Institutional	No	1.1318
4FBY	Behavioral Health - Medium	Late - Institutional	Yes	1.2857
4FCN	Behavioral Health - High	Late - Institutional	No	1.2412
4FCY	Behavioral Health - High	Late - Institutional	Yes	1.3951

## COMMENT

There is much more to the creation and use of HHGMs than the material above. CMS spend some 110 pages explaining their rationale, data sources and conclusions.

## PROPOSED PROVISIONS OF THE HHVBP MODEL

Using a randomized selection methodology finalized in the CY 2016 HH PPS final rule, nine states were selected for inclusion in the HHVBP Model, representing each geographic area across the nation. All Medicare-certified HHAs providing services in Arizona, Florida, Iowa, Maryland, Massachusetts, Nebraska, North Carolina, Tennessee, and Washington (competing HHAs) are required to compete in the Model.

Beginning in CY 2018 based on performance on applicable measures CMS will impose payment adjustments. Payment adjustments will be increased incrementally over the course of the HHVBP Model in the following manner: (1) A maximum payment adjustment of 3 percent (upward or downward) in CY 2018; (2) a maximum payment adjustment of 5 percent (upward or downward) in CY 2019; (3) a maximum payment adjustment of 6 percent (upward or downward) in CY 2020; (4) a maximum payment adjustment of 7 percent (upward or downward) in CY 2021; and (5) a maximum payment adjustment of 8 percent (upward or downward) in CY 2022. Payment adjustments will be based on each HHA's Total Performance Score in a given performance year on (1) a set of measures already reported via OASIS and HHCAHPS for all patients serviced by the HHA and select claims data elements, and (2) three New Measures where points are achieved for reporting data.

CMS proposes to refine the Home Health Value-Based Purchasing Model.

CMS proposes to revise the definition of “applicable measure” to specify that HHAs in the HHVBP would have to submit a minimum of 40 completed Home Health Care Consumer Assessment of Healthcare Providers and Systems survey for purposes of receiving a performance score for any of the HHCAHPS measures (rather than the current number of 20), and to remove the Outcome and Assessment Information Set based measure, Drug Education on All Medications Provided to Patient/Caregiver during all Episodes of Care, from the set of applicable measures.

The revised set of applicable measures, assuming the proposal to remove the OASIS-based measure, Drug Education on All Medications Provided to Patient/Caregiver during All Episodes of Care, is finalized shown in the rule's table 43.

## PROPOSED UPDATES TO THE HOME HEALTH CARE QUALITY REPORTING PROGRAM

Section 2(a) of the Improving Medicare Post-Acute Care Transformation Act of 2014 requires HHAs, Skilled Nursing Facilities, Inpatient Rehabilitation Facilities, and Long-Term Care Hospitals to report: (1) standardized patient assessment data, (2) data on quality measures, and (3) data on resource use and other measures. The data must be standardized and interoperable so as to allow for the exchange of such data among providers. It also requires the modification of the PAC assessment instruments to provide for the submission and comparison of such standardized patient assessment data. CMS says these requirements are intended to enable interoperability as well as improve quality and discharge planning, among other purposes.

CMS is proposing to adopt for the CY 2020 payment determination three measures to meet the requirements of the IMPACT Act. These three measures are assessment-based and are calculated using OASIS data. The proposed measures are as follows:

- Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury;
- Application of Percent of Residents Experiencing One or More Falls with Major Injury (NQF # 0674); and
- Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (NQF #2631).

CMS is proposing to require the use of the data elements used to calculate the existing and proposed replacement pressure ulcer measures to meet the definition of standardized patient assessment data for medical conditions and co-morbidities. Additionally, CMS is proposing new, standardized data elements in four other categories: functional status; cognitive function and mental status; special services, treatments and interventions; and impairment.

Unless otherwise specified, this data would be collected at start or resumption of care and discharge. More information about the specifications for standardized measures and standardized data elements can be found at <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HomeHealthQualityInits/HHQIQualityMeasures.html>.

CMS is proposing to remove 247 data elements from 35 OASIS items collected at specific time points during a home health episode, beginning on January 1, 2019.

The following table identifies the 35 OASIS items.

Proposed Data Elements to be Removed from OASIS on January 1, 2019						
OASIS Item	Specific Time Point					
	Start of Care	Resumption of Care	Follow-Up	Transfer to an Inpatient Facility	Death at Home	Discharge from Agency
M0903				1	1	1
M1011	6	6	6			
M1017	6	6				
M1018	6	6				
M1025	12	12	12			
M1034	1	1				
M1036	4	4				
M1200	1	1	1			
M1210	1	1				
M1220	1	1				
M1230	1	1				1
M1240	1	1				
M1300	1	1				
M1302	1	1				
M1320	1	1				1
M1322						1

Proposed Data Elements to be Removed from OASIS on January 1, 2019						
OASIS Item	Specific Time Point					
	Start of Care	Resumption of Care	Follow-Up	Transfer to an Inpatient Facility	Death at Home	Discharge from Agency
M1332						1
M1350	1	1				
M1410	3	3				
M1501				1		1
M1511				5		5
M1610						1
M1615	1	1				1
M1730	3	3				
M1750	1	1				
M1880	1	1				1
M1890	1	1				1
M1900	4	4				
M2030	1	1	1			1
M2040	2	2				
M2102*	6	6				3**
M2110	1	1				
M2250	7	7				
M2310				15***		15***
M2430				20		
<b>TOTAL</b>	<b>75</b>	<b>75</b>	<b>20</b>	<b>42</b>	<b>1</b>	<b>34</b>

\* M2102 row f to remain collected at Start of Care, Resumption of Care and Discharge from Agency as part of the HH VBP program.

\*\* M2102 rows a,c,d to remain collected at Discharge from Agency for survey purposes.

\*\*\* M2310 responses 1,10,OTH,UK to remain collected at Transfer to an Inpatient Facility and Discharge from Agency for survey purposes.

CMS says these OASIS items, or data elements within OASIS items, are not used in the calculation of quality measures already adopted in the HH QRP, nor are they used for previously established purposes unrelated to the HH QRP, including payment, survey, the HH VBP Model or care planning. Because they will no longer be used in any manner, CMS is proposing to no longer collect them. A list of these changes can be found at <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HomeHealthQualityInits/HHQIQualityMeasures.html>. The HH QRP currently has 23 measures, and are outlined in the rule's Table 47.

Analysis provided for MHA  
by Larry Goldberg,  
Goldberg Consulting

## FINAL COMMENT

This is an extensive rule. There is a significant section addressing the move from HHRGs to HHGMs. While this item would not take place for another year, its impact will be significant since CMS says the change will not be budget neutral. More than 40 percent of the rule addresses various quality and HH value-based policy issues. Too many items to present in this synopsis. CMS presented this update to the Office of Management and Budget for approval on April 9. If it has taken OMB more than three months to approve the document, one must ask how HHAs are to digest and understand all the changes being proposed in the 60-day comment period. Finally, as has been said on many occasions regarding these annual updates, Medicare payments is no longer the sole purview of financial experts. Clinical and quality have become overwhelming.

