

## Medicare Home Health Proposed Rule

### OVERVIEW

On July 7<sup>th</sup>, the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule for the Calendar Year (CY) 2016 Medicare home health prospective payment system (HH PPS). The proposed rule would update the payment rates for home health agencies (HHAs) for CY 2016 and aims to move the HH PPS toward value-based payments. The overall impact of the HH PPS payment rate update is an estimated reduction of \$350 million in payments to HHAs.

CMS will accept comments on the proposed rule until September 4<sup>th</sup>. This document summarizes several major provisions of the proposed rule. The proposed rule is available [here](#).

### PAYMENT POLICY PROVISIONS

HHAs are paid a national, standardized 60-day episode payment for all covered home health services, adjusted for case mix and area wage differences. Under the Affordable Care Act (ACA), CMS is required to rebase home health payment rates beginning in 2014, and the phase-in is scheduled to occur over the course of four years.

CMS proposes to:

- Move forward with the implementation of Year Three of the four-year phase-in of the rebasing adjustments to the HH PPS. The CY 2016 rebasing adjustments would reduce the standard payment amount by \$80.95;
- Decrease the national, standardized 60-day episode payment amount by 1.72 percent in CY 2016 and CY 2017 to account for coding intensity growth unrelated to changes in patient acuity between CY 2012 and CY 2014; and
- Update the HH PPS payment rates by the home health payment update percentage of 2.3 percent in CY 2016.

### HOME HEALTH VALUE-BASED PURCHASING (HHVBP) MODEL

CMS proposes to launch a new Home Health Value-Based Purchasing (HHVBP) model, implemented through the Center for Medicare and Medicaid Innovation (CMMI). The model would apply a payment reduction or increase to HHA payments, depending on quality performance, for all HHAs in nine randomly-selected states. Payment adjustments would be applied on an annual basis, beginning at 5 percent in each of the first two payment years, 6 percent in the third payment year, and 8 percent in the final two adjustment years. The model would become effective January 1, 2016.

In the proposed rule, the selected states would be: Massachusetts, Maryland, North Carolina, Florida, Washington, Arizona, Iowa, Nebraska, and Tennessee, though CMS is seeking comment on alternative geographic selection methodologies.

## HOME HEALTH QUALITY REPORTING (HH QRP) UPDATE

On October 6<sup>th</sup>, 2014, the Improving Medicare Post-Acute Care Transformation (IMPACT) Act was signed into law and makes changes to requirements for post-acute settings, including long-term care and home health. Post-acute care providers that are subject to this law include: HHAs, skilled nursing facilities (SNF), inpatient rehabilitation facilities (IAFs), and long-term care hospitals (LTCHs). By January 1, 2017, HHAs will be expected to report standardized assessment data and meet the requirements for new quality measure reporting. These quality measures include: functional status changes, skin integrity and changes, medication reconciliation, incidence of major falls and patient preference regarding treatment and discharge options.

For CY 2016, CMS is proposing to add one standardized cross-setting measure under the “skin integrity” and “changes to skin integrity” domain in order to align with the IMPACT Act. This measure is a National Quality Forum endorsed measure (NQF#0678): Percent of Residents or Patients with Pressure Ulcers That Are New or Worsened (Short Stay). Measures for the other domains will be addressed in future rule making.

Currently, HHAs are required to submit OASIS assessments for quality measurement purposes or face a 2 percent payment penalty. CMS proposes to require all HHAs to submit both admission and discharge OASIS assessments for a minimum of 70 percent of all patients with episodes of care occurring during the period starting July 1, 2015, and incrementally increasing the compliance threshold by 10 percent in each of the subsequent periods (July 1, 2016 and July 1, 2017) to reach 90 percent.