

CY 2018 Home Health Prospective Payment System Final Rule

OVERVIEW

On November 1st, the Centers for Medicare and Medicaid Services (CMS) issued a final rule that will update Medicare payment rates for home health agencies (HHAs) in CY 2018 and update the Home Health Quality Reporting Program (HH QRP) requirements for CY 2020. The rule also makes changes to the Home Health Value-Based Purchasing Model that is being tested in nine states: Massachusetts, Maryland, North Carolina, Florida, Washington, Arizona, Iowa, Nebraska, and Tennessee.

The final rule will go into effect on January 1, 2018. The final rule is available [here](#).

PAYMENT UPDATES

For CY 2018, CMS estimates that the final rule will result in a 0.4%, or \$80 million, reduction in payments to HHAs. This reflects a 1% increase to the home health payment update percentage, a 0.9% reduction in 60-day episode payments to adjust for nominal case-mix growth, and a 0.5% reduction due to the sunset of the rural add-on provision.

The impact of the payment update varies by the size, type, and location of HHAs. For example, HHAs with more than 1,000 first episodes of care are projected to experience payment cuts of 0.6%, compared to a 0.2% decrease among HHAs with fewer than 100 episodes of care. HHAs in the Mid-Atlantic are projected to experience a 0.1% decrease, compared to a 0.5% decrease among HHAs in the South Atlantic.

Home Health Grouping Model (HHGM)

The rule does not finalize the proposed HHGM. HHAs are currently paid a national, standardized 60-day episode payment for covered services, adjusted for case-mix. CMS proposed to replace this payment methodology with the HHGM in CY 2019. The HHGM would change the unit of payment for home health episodes to 30-day periods and remove the number of therapy visits provided as a determinant of payment. Each 30-day period of care would be categorized as one of 144 different payment groups based on the patient's: Admission Source and Timing, Clinical Grouping, Functional Level, and Comorbidity Status.

CMS estimated that the HHGM would result in a 4.3%, or \$950 million, decrease in payments to HHAs in CY 2019 if it were implemented without a phase-in period. CMS notes that commenters were most concerned about the proposed change in the unit of payment from 60 days to 30 days and the prospect of the change being implemented in a non-budget neutral manner. CMS will continue to consider comments regarding the HHGM and other potential payment models.

HH QRP UPDATE

The Improving Medicare Post-Acute Care Transformation (IMPACT) Act requires post-acute care providers, including HHAs, to report standardized assessment data for the following domains: functional status changes, skin integrity and changes, medication reconciliation, incidence of major falls, and patient preference regarding treatment and discharge options. HHAs that do not satisfy HH QRP requirements are subject to a 2% reduction to their market basket percentage for that CY.

For CY 2020, CMS will add two new measures and replace one old measure:

- New Measures:
 - Percent of Residents Experiencing One or More Falls with Major Injury; and
 - Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan.
- Replacement Measure:
 - CMS will replace the Percent of Residents or Patients with Pressure Ulcers that are New or Worsened measure with: Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury.

The rule also outlines the requirements for requesting HH QRP determination reconsiderations, exceptions, and extensions. Beginning in CY 2019, HHAs will have 30 days from the date of a letter of noncompliance to submit a request for reconsideration. HHAs may request an exception and extension within 90 days of an extraordinary circumstance that prevents the HHA from complying with HH QRP requirements.

OUTCOME AND ASSESSMENT INFORMATION SET (OASIS) UPDATE

CMS finalized the removal of 235 data elements from 33 OASIS items, effective January 1, 2019 for HHA assessments. Additional data elements have been proposed but not finalized for Cognitive Function and Mental Status; Special Services, Treatments and Interventions; and Impairments.