

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12298	Date: October 12, 2023
	Change Request 13411

NOTE: This Transmittal is no longer sensitive and is being re-communicated November 06, 2023. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2024

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update the CY 2024 30-day period payment rates, the national per-visit amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. The attached recurring update notification applies to Pub. 100-04, Medicare Claims Processing Manual, chapter 10, section 70.5.

EFFECTIVE DATE: January 1, 2024

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: January 2, 2024

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 12298	Date: October 12, 2023	Change Request: 13411
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I. GENERAL INFORMATION

A. Background: The Medicare Home Health Prospective Payment System (HH PPS) rates provided to Home Health Agencies (HHAs) for furnishing home health services are updated annually as required by section 1895(b)(3)(B) of the Social Security Act (the Act). The Calendar Year (CY) 2024 HH PPS rate update includes a change to the 30-day period payment rates, the national per-visit amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. This rate update includes a change to the 30-day period payment rates, the national per-visit amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS.

B. Policy: Section 1895(b)(3)(B) of the Act requires that the standard prospective payment amounts for CY 2023 be increased by a factor equal to the applicable home health market basket update for those HHAs that submit quality data as required by the Secretary. Section 1895(b)(3)(B)(v) of the Act requires that the home health update be decreased by two (2) percentage points for those HHAs that do not submit quality data as required by the Secretary. Section 1886(b)(3)(B)(xi)(II) of the Act defines the productivity adjustment to be equal to the 10-year moving average of change in annual economy-wide private nonfarm business Multi-Factor Productivity (MFP) (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, calendar year, cost reporting period, or other annual period) (the “MFP adjustment”). Sections 1895(b)(4)(A)(ii) and (b)(4)(C) of the Act require the Secretary to provide appropriate adjustments to the proportion of the payment amount under the HH PPS that account for area wage differences, using adjustment factors that reflect the relative level of wages and wage-related costs applicable to the furnishing of HH services.

Section 1895(b)(3)(D)(i) of the Act requires the Secretary to annually determine the impact of differences between assumed behavior changes, as described in section 1895(b)(3)(A)(iv) of the Act, and actual behavior changes on estimated aggregate expenditures under the HH PPS with respect to years beginning with 2020 and ending with 2026. Section 1895(b)(3)(D)(ii) of the Act requires the Secretary, at a time and in a manner determined appropriate, through notice and comment rulemaking, to provide for one or more permanent increases or decreases to the standard prospective payment amount (or amounts) for applicable years, on a prospective basis, to offset for such increases or decreases in estimated aggregate expenditures, as determined under section 1895(b)(3)(D)(i) of the Act.

Market Basket Update

In the CY 2024 HH PPS final rule, CMS finalized a policy to rebase and revise the home health market basket to reflect a 2021 base year and finalized revisions to the labor-related share to reflect the compensation cost weight of the 2021-based home health market basket of 74.9 percent and the non-labor-related share of 25.1 percent.

Based on IHS Global Insight Inc.'s third-quarter 2023 forecast (with historical data through second quarter 2023), the home health market basket percentage increase for CY 2024 is, specified at section 1895(b)(3)(B)(iii) of the Act, 3.3 percent. The CY 2024 home health market basket percentage increase of 3.3 percent is then reduced by a productivity adjustment, as mandated by the section 3401 of the Patient Protection and Affordable Care Act (the Affordable Care Act) (Pub. L. 111-148), currently estimated to be 0.3 percentage point for CY 2024. In effect, the home health market basket percentage for CY 2024 is a 3.0 percent increase. Section 1895(b)(3)(B)(v) of the Act requires that the home health market basket percentage increase 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 2024, the home health market basket percentage increase is 1.0 percent (3.0 percent minus 2 percentage points).

National, Standardized 30-Day Period Payment

As described in the CY 2024 HH PPS final rule, we are required to implement a permanent payment adjustment to the national 30-day payment rate based on the impact of differences between assumed versus actual behavior change, in accordance with Sections 1895(b)(3)(D)(ii) and (iii) to offset for such increases or decreases in estimated aggregate expenditures. We are implementing a permanent behavior adjustment of -2.890 percent to prevent further overpayments. The permanent behavior adjustment factor is 0.97110 (1-.02890). To calculate the CY 2024 national, standardized 30-day period payment rate, CMS applies a permanent behavioral adjustment factor of 0.97110, a case-mix weights recalibration budget neutrality factor of 1.0124, a wage index budget neutrality factor of 1.0012, a labor share budget neutrality factor of 0.9998, and the CY 2024 home health payment update percentage of 3.0 percent.

The CY 2024 30-day payment rates are shown in Tables 1 and 2. The CY 2024 national, standardized 30-day period payment rates are further adjusted by the individual period's case-mix weight and by the applicable wage index.

National Per-Visit Rates

To calculate the CY 2024 national per-visit rates, CMS started with the CY 2023 national per-visit rate. CMS applies a wage index budget neutrality factor of 1.0012 and a labor-related share budget neutrality factor of 0.9999 to ensure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2024 wage index. The per-visit rates are then updated by the CY 2024 home health market basket percentage increase of 3.0 percent for HHAs that submit the required quality data and by 1.0 percent (3.0 percent minus 2 percentage points) for HHAs that do not submit quality data. The per-visit rates are shown in Tables 3 and 4.

Non-Routine Supply Payments

Payment for Non-Routine Supplies (NRS) is part of the national, standardized 30-day period rate. Durable medical equipment provided as a home health service as defined in section 1861(m) of the Act is paid the fee schedule amount and is not included in the national, standardized 30-day period payment amount.

Disposable Negative Pressure Wound Therapy Device

Division FF, section 4136 of the Consolidated Appropriations Act of 2023 (CAA, 2023) (Pub. L.117-328) mandates that for CY 2024, the separate payment amount for an applicable disposable Negative Pressure Wound Therapy (dNPWT) device would be set equal to the supply price used to determine the relative value for the service under the Physician Fee Schedule (PFS) under section 1848 as of January 1, 2022 (CY 2022) updated by the specified adjustment described in subparagraph (B) for such year. Division FF section 4136 of the CAA, 2023 also adds a new subparagraph 1834(s)(3)(B), which requires that the separate payment amount to be adjusted by the percent increase in the Consumer Price Index for all Urban consumers (CPI-U) for the 12-month period ending with June of the preceding year minus the productivity adjustment described in section 1886(b)(3)(B)(xi)(II) for such year.

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	Cloud to pay calendar year 2024 payment rates on claims with “Through” dates on or after January 1, 2024.									
13411.2	The contractor shall apply the CY 2024 HH PPS payment rates for periods with claim statement "Through" dates on or after January 1, 2024.								HH Pricer	
13411.3	The contractor shall use the table of wage index values associated with CBSA codes for CY 2024 home health payment calculations.								HH Pricer	
13411.4	The contractor shall instruct providers to submit the CBSA code corresponding to the state and county of the beneficiary's place of residence in value code 61 on home health claims.			X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
13411.5	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the “MLN Connects” listserv to get MLN content notifications. You don’t need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.			X		

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 1

TABLE 1: CY 2024 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT

CY 2023 National Standardized 30-Day Period Payment	CY 2024 Permanent BA Adjustment Factor	CY 2024 Case-Mix Weights Recalibration Neutrality Factor	CY 2024 Wage Index Budget Neutrality Factor	CY 2024 Labor-Related Share Neutrality Factor	CY 2024 HH Payment Update	CY 2024 National, Standardized 30-Day Period Payment
\$2,010.69	0.97110	1.0124	1.0012	0.9998	1.030	\$2,038.13

TABLE 2: CY 2024 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT FOR HHAS THAT DO NOT SUBMIT THE QUALITY DATA

CY 2023 National Standardized 30-Day Period Payment	CY 2024 Permanent BA Adjustment Factor	CY 2024 Case-Mix Weights Recalibration Neutrality Factor	CY 2024 Wage Index Budget Neutrality Factor	CY 2024 Labor-Related Share Neutrality Factor	CY 2024 HH Payment Update Minus 2 Percentage Points	CY 2024 National, Standardized 30-Day Period Payment
\$2,010.69	0.97110	1.0124	1.0012	0.9998	1.010	\$1,998.56

TABLE 3: CY 2024 NATIONAL PER-VISIT PAYMENT AMOUNTS

HH Discipline	CY 2023 Per-Visit Payment Amount	CY 2024 Wage Index Budget Neutrality Factor	CY 2024 Labor-Related Share Neutrality Factor	CY 2024 HH Payment Update	CY 2024 Per-Visit Payment Amount
Home Health Aide	\$73.93	1.0012	0.9999	1.0300	\$76.23
Medical Social Services	\$261.72	1.0012	0.9999	1.0300	\$269.87
Occupational Therapy	\$179.70	1.0012	0.9999	1.0300	\$185.29
Physical Therapy	\$178.47	1.0012	0.9999	1.0300	\$184.03
Skilled Nursing	\$163.29	1.0012	0.9999	1.0300	\$168.37
Speech-Language Pathology	\$194.00	1.0012	0.9999	1.0300	\$200.04

TABLE 4: CY 2024 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAS THAT DO NOT SUBMIT THE REQUIRED QUALITY DATA

HH Discipline	CY 2023 Per-Visit Payment Amount	CY 2024 Wage Index Budget Neutrality Factor	CY 2024 Labor-Related Share Neutrality Factor	CY 2024 HH Payment Update Minus 2 Percentage Points	CY 2024 Per-Visit Payment Amount
Home Health Aide	\$73.93	1.0012	0.9999	1.0100	\$74.75
Medical Social Services	\$261.72	1.0012	0.9999	1.0100	\$264.63
Occupational Therapy	\$179.70	1.0012	0.9999	1.0100	\$181.70
Physical Therapy	\$178.47	1.0012	0.9999	1.0100	\$180.45
Skilled Nursing	\$163.29	1.0012	0.9999	1.0100	\$165.10
Speech-Language Pathology	\$194.00	1.0012	0.9999	1.0100	\$196.16

TABLE 5: CY 2024 COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS

HH Discipline	Average Minutes Per-Visit	For HHAs that DO Submit the Required Quality Data		For HHAs that DO NOT Submit the Required Quality Data	
		CY 2024 Per-Visit Payment	Cost-per-unit (1 unit= 15 minutes)	CY 2024 Per-Visit Payment	Cost-per-unit (1 unit= 15 minutes)
Home Health Aide	63.0	\$76.23	18.15	\$74.75	17.8
Medical Social Services	56.5	\$269.87	71.65	\$264.63	70.26
Occupational Therapy	47.1	\$185.29	59.01	\$181.70	57.87
Physical Therapy	46.6	\$184.03	59.24	\$180.45	58.08
Skilled Nursing	44.8	\$168.37	56.37	\$165.10	55.28
Speech- Language Pathology	48.1	\$200.04	62.38	\$196.16	61.17

TABLE 6: CY 2024 Disposable Negative Pressure Wound Therapy Rate (dNPWT)

Supply Price for dNPWT (as of January 1, 2022)	CY2024 dNPWT Payment Update (12-month CPI-U ending in June 2023 (3.0%) minus Multifactor Productivity Adjustment (0.4%))	CY2024 dNPWT Payment Rate
\$263.25	1.026	\$270.09