

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 674	Date: April 23, 2010
	Change Request 6955

SUBJECT: Temporary 3 Percent Rural Add-On for the Home Health Prospective Payment System (HH PPS)

I. SUMMARY OF CHANGES: This CR updates the national episode rates and the national per-visit amounts under the HH PPS for CY 2010 for episodes and visits ending on or after April 1, 2010, and before January 1, 2011, by 3 percent for home health services furnished in a rural area.

EFFECTIVE DATE: April 1, 2010

IMPLEMENTATION DATE: May 24, 2010

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

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

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

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:

One-Time Notification

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

Attachment – One-Time Notification

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SUBJECT: Temporary 3 Percent Rural Add-On for the Home Health Prospective Payment System (HH PPS)

Effective Date: April 1, 2010

Implementation Date: May 24, 2010

I. GENERAL INFORMATION

A. Background: This rural add-on policy is set forth by Section 3131 of the Patient Protection and Affordable Care Act (PPACA) of 2010. Section 3131 amends Section 421 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173) as amended by section 5201(b) of the Deficit Reduction Act of 2005 (Public Law 109-171).

B. Policy: Section 3131 of the PPACA institutes, for home health services furnished in a rural area (as defined in section 1886(d)(2)(D) of the Act) with respect to episodes and visits ending on or after April 1, 2010 and before January 1, 2016, that the Secretary increase by 3 percent the payment amount otherwise made under section 1895 of the Act. The statute waives budget neutrality related to this provision as it specifically states that the Secretary shall not reduce the standard prospective payment amount (or amounts) under section 1895 of the Act applicable to home health services furnished during a period to offset the increase in payments resulting in the application of this section of the statute. The 3 percent rural add-on is applied to the national standardized 60-day episode rate, the national per-visit rates, the Low Utilization Payment Adjustment (LUPA) Add-on payment amount, and the Non-routine supply (NRS) conversion factor when home health services are provided in rural (non-CBSA) areas. The applicable case-mix and wage index adjustments are subsequently applied. All other provisions of the HH PPS final rule published on November 10, 2009, are still valid.

The following 5 tables show the rates for HHAs that **DO** report the required quality data:

Refer to Table 1 for the calculations which yield the CY 2010 updated national standardized 60-day episode payment rate for beneficiaries who reside in rural areas. These payments will be further adjusted by the individual episode’s case-mix weight and wage index.

Table 1		
National standardized 60-day episode payment amount for CY 2010	Multiplied by 3 percent rural increase	CY 2010 Total national standardized 60-day episode payment amount for a beneficiary who resides in a rural, non-CBSA area
\$2,312.94	X 1.03	\$2,382.33

The national standardized per-visit amounts are used to calculate low utilization payment adjustments (LUPAs) and outlier payments. The national per-visit amounts for beneficiaries who reside in rural areas are as follows:

Table 2			
Home Health Discipline	CY 2010 Per-Visit Rate	Multiplied by 3 percent rural increase	CY 2010 Total Per-Visit Rates for a beneficiary who resides in a rural, non-CBSA area
Home Health Aide	\$51.18	X 1.03	\$52.72
Medical Social Services	\$181.16	X 1.03	\$186.59
Occupational Therapy	\$124.40	X 1.03	\$128.13
Physical Therapy	\$123.57	X 1.03	\$127.28
Skilled Nursing	\$113.01	X 1.03	\$116.40
Speech-Language Pathology	\$134.27	X 1.03	\$138.30

LUPA episodes that occur as initial episodes in a sequence of adjacent episodes or as the only episode receive an additional payment. The per-visit rates noted above are before that additional payment is added to the LUPA amount. The CY 2010 LUPA add-on payment for beneficiaries who reside in rural areas is updated in Table 3.

Table 3		
CY 2010 LUPA Add-On Payment	Multiplied by 3 percent rural increase	CY 2010 LUPA Add-On payment for a beneficiary who resides in a rural, non-CBSA area
\$94.72	X 1.03	\$97.56

Payments for non-routine supplies (NRS) are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor. The NRS conversion factor for CY 2010 payments for beneficiaries who reside in rural areas is updated in Table 4a.

Table 4a		
CY 2010 NRS Conversion Factor	Multiplied by 3 percent rural increase	CY 2010 NRS Conversion Factor for a beneficiary who resides in a rural, non-CBSA area
\$53.34	X 1.03	\$54.94

The payment amounts for beneficiaries who reside in rural areas for the various severity levels based on the updated conversion factor are shown in Table 4b.

Table 4b			
Relative Weights for the 6-Severity NRS System			
Severity Level	Points (Scoring)	Relative Weight	NRS Payment Amount
1	0	0.2698	\$14.82
2	1 to 14	0.9742	\$53.52
3	15 to 27	2.6712	\$146.76
4	28 to 48	3.9686	\$218.03
5	49 to 98	6.1198	\$336.22
6	99+	10.5254	\$578.27

The following five tables show the rates for HHAs that **DO NOT** report the required quality data:

The CY 2010 National Standardized 60-Day Episode Payment Rate for beneficiaries who reside in rural areas for HHAs who do not submit the required quality data is shown in Table 5 below.

Table 5		
National standardized 60-day episode payment amount for CY 2010 for HHAs that Do Not submit required quality data	Multiplied by 3 percent rural increase	CY 2010 Total national standardized 60-day episode payment amount for a beneficiary who resides in a rural, non-CBSA area for HHAs that Do Not submit required quality data
\$2,267.59	X 1.03	\$2,335.62

The national standardized per-visit amounts are used to calculate low utilization payment adjustments (LUPAs) and outlier payments. The national per-visit amounts for beneficiaries who reside in rural areas for HHAs that do not submit the required quality data are as follows:

Table 6			
Home Health Discipline	CY 2010 Per-Visit Rate	Multiplied by 3 percent rural increase	CY 2010 Per-Visit Rate for a beneficiary who resides in a rural, non-CBSA area for HHAs that Do Not submit required quality data
Home Health Aide	\$50.18	X 1.03	\$51.69
Medical Social Services	\$177.60	X 1.03	\$182.93
Occupational Therapy	\$121.96	X 1.03	\$125.62
Physical Therapy	\$121.15	X 1.03	\$124.78
Skilled Nursing	\$110.79	X 1.03	\$114.11
Speech-Language Pathology	\$131.64	X 1.03	\$135.59

LUPA episodes that occur as initial episodes in a sequence of adjacent episodes or as the only episode receive an additional payment. The per-visit rates noted above are before that additional payment is added to the LUPA amount. This additional LUPA add-on amount for beneficiaries who reside in rural areas for HHAs that do not submit the required quality data is updated in Table 7.

Table 7		
CY 2010 LUPA Add-On Payment	Multiplied by 3 percent rural increase	CY 2010 LUPA Add-On payment for a beneficiary who resides in a rural, non-CBSA area for HHAs that Do Not submit required quality data
\$92.86	X 1.03	\$95.65

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M M A C	F I	C A R R I E R	D M R R I C	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F		
	before December 31, 2016.											
6955.1.2	Medicare contractors shall identify episodes that qualify for the 3 percent rural add-on using CBSA codes that begin with '999.'										HH Pricer	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M M A C	F I	C A R R I E R	D M R R I C	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F		
6955.2	<p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>	X		X			X					

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below: N/A

X-Ref Requirement Number	Recommendations or other supporting information:

B. For all other recommendations and supporting information, use the space below: N/A

V. CONTACTS

Pre-Implementation Contact(s): Sharon Ventura (policy) at 410-786-1985 or Wil Gehne (claims processing) at 410-786-6148.

Post-Implementation Contact(s): Appropriate Regional Office

VI. FUNDING

A. For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:
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