



An Initial Review of the CY 2018-2019 Medicare Home Health Rule

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NAHC

CY2018 Proposed Medicare Home Health Rate Rule...and Much More

- **Published July 25, 2017**
- **<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices-Items/CMS-1672-P.html>**
- **Includes**
 - **CY 2018 rates**
 - **HHVBP demonstration program**
 - **New CY 2019 home health payment model**
 - **Quality measures**

Projected Financial Impact

- **CY 2018 rate update: -\$80 Million (-0.4 percent) in CY 2018**
- **CY 2018 HHVBP: \$378 million in Medicare savings in CY 2018**
- **CY 2019 HH QRP: \$44.9 million in savings for HHAs in CY 2019**
- **CY 2019 HPPS Refinements: -\$950 million if non-budget neutral manner; -\$480 million if partial budget neutral in CY 2019**

Medicare Home Health Background Data

- **Increase in episodes with therapy visits**
 - 1997: 9% of all visits
 - 2015: 39% of all visits
 - 4.9% of episodes with 20+ visits
- **Average cost per episode (2015): \$2,449.01**
- **Average Payment per Episode (2015): \$2,961.38 (21% margin)**

Medicare Home Health Background Data

TABLE 3: Home Health Statistics, CY 2001 and CY 2012 through CY 2016¹⁰

	2001	2012	2013	2014	2015	2016
Number of episodes	3,896,502	6,727,875	6,708,923	6,451,283	6,340,932	6,294,234
Beneficiaries receiving at least 1 episode (Home Health Users)	2,412,318	3,446,122	3,484,579	3,381,635	3,365,512	3,350,174
Part A and/or B FFS beneficiaries	34,899,167	38,224,640	38,505,609	38,506,534	38,506,534	38,555,150
Episodes per Part A and/or B FFS beneficiaries	0.11	0.18	0.17	0.17	0.17	0.16
Home health users as a percentage of Part A and/or B FFS beneficiaries	6.9%	9.0%	9.0%	8.8%	8.8%	8.7%
HHAs providing at least 1 episode	6,511	11,746	11,889	11,693	11,381	11,102
HHAs per 10,000 Part A and/or B FFS beneficiaries	1.9	3.1	3.1	3.0	3.0	2.9

FIGURE 2: Average Total Number of Visits and Average Payment per Visit for a Medicare Home Health 60-Day Episode of Care, CY 2001 through CY 2016

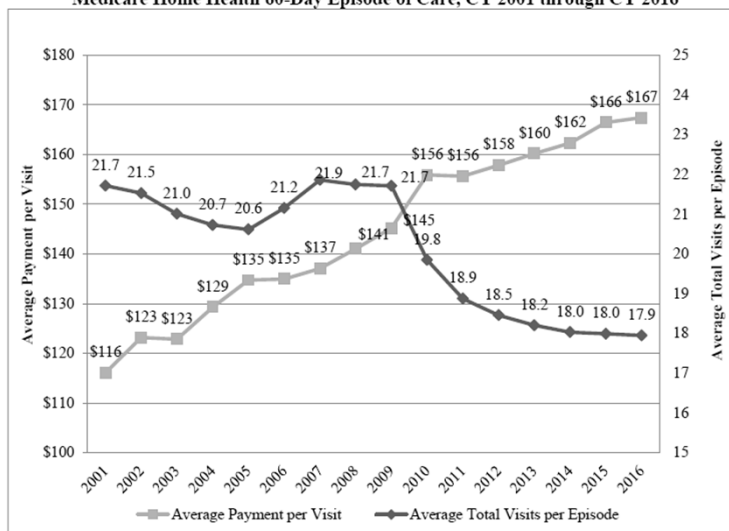


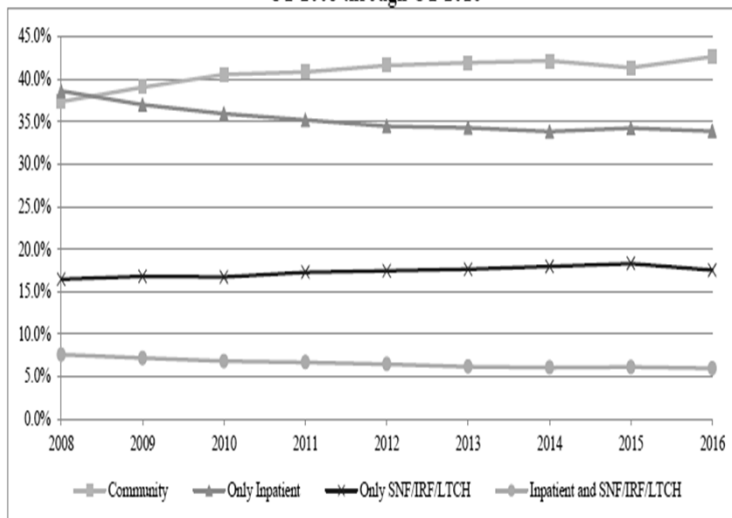
TABLE 4: Home Health Episodes by Episode Timing, CY 2008 through CY 2016

Year	All Episodes	Number of Early Episodes (Excluding Episodes with 20+ Therapy Visits)	% of Early Episodes (Excluding Episodes with 20+ Therapy Visits)	Number of Late Episodes (Excluding Episodes with 20+ Therapy Visits)	% of Late Episodes (Excluding Episodes with 20+ Therapy Visits)	Number of Episodes with 20+ Therapy Visits	% of Episodes with 20+ Therapy Visits
2008	5,423,037	3,571,619	65.9%	1,600,587	29.5%	250,831	4.6%
2009	6,530,200	3,701,652	56.7%	2,456,308	37.6%	372,240	5.7%
2010	6,877,598	3,872,504	56.3%	2,586,493	37.6%	418,601	6.1%
2011	6,857,885	3,912,982	57.1%	2,564,859	37.4%	380,044	5.5%
2012	6,767,576	3,955,207	58.4%	2,458,734	36.3%	353,635	5.2%
2013	6,733,146	4,023,486	59.8%	2,347,420	34.9%	362,240	5.4%
2014	6,616,875	3,980,151	60.2%	2,263,638	34.2%	373,086	5.6%
2015	6,644,922	4,008,279	60.3%	2,205,052	33.2%	431,591	6.5%
2016	6,294,232	3,802,254	60.4%	2,053,972	32.6%	438,006	7.0%

Medicare Home Health Background Data

- Total Visits per Episode **21.7 (2009); 17.9 (2016)**
- SN visits per episode **10.7 (2009); 8.7 (2016)**
- Home Health aide visits **5.6 (2009); 1.5 (2016)**
- Result of payment system incentives and disincentives???

FIGURE 4: Home Health Episode Trends by Admission Source (First or Only Episodes),
CY 2008 through CY 2016



CY 2018 Proposed Home Health Rates

- **2018 Proposed Rates**
 - 1% Market Basket Index
 - 0.97 case mix weight change adjustment
- **Loss of Rural add-on**
- **Case mix weight recalibrations**
- **Maintains outlier eligibility and payment standards**
- **2% reduction for HHAs that do not submit quality data**
- **Expect 2% sequestration to continue**

2017 HPPS Rates

- Rate Rebasing completed
- MACRA set update at 1% (would have been 2.2%)
 - 2.7% MBI minus 0.5% productivity adjustment
- Base episode rate: \$3,038.43 (\$2989.97 in 2016)
 - Misleading w/o case mix weight (CMW) recalibration considered
 - 1.0159 budget neutrality adjustment
 - Means that the base rate is increased by 0.03% but shows higher because of case mix weight recalibrations

TABLE 9: 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

**TABLE 11: Proposed CY 2018 National Per-Visit Payment Amounts
for HHAs That DO 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

**TABLE 13: Proposed CY 2018 NRS Conversion Factor
for HHAs that DO 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

**TABLE 14: Proposed CY 2018 NRS Payment Amounts
for HHAs that DO 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

2018 HPPS Outlier

- **Outlier Changes**
 - **Maintains 2017 formula for determining eligibility and payment amount**
 - **Based on a combination of visit number and 15 minute service increments**
 - Intended to reflect real resource use
 - **Fixed Dollar Loss stays at 0.55 (0.45 2016)**
 - **80% Loss ratio**
 - **Projected spending 2.47% of 2.5% outlier budget**

2018 HPPS Case Mix Recalibrations

- **Case Mix Weight Recalibration**
 - **All 153 classifications affected**
 - **Overall reduction in CMW**
 - **Leads to higher base episode weight**
 - **Uneven CMW adjustments**
 - **Designed to account for changes in resource use**
 - **Expect continual annual recalibrations**
 - **<https://www.cms.gov/Center/Provider-Type/Home-Health-Agency-HHA-Center.html>**

HHVBP

2018 (PY3) Remove the measure for Drug education on all medications

Proposes using a minimum of 40 HHCAPHs survey rather than 20 (PY1).

New measures for future consideration (no date)

- **1. Composite functional measure**
 - An ADL/IADL change measure intended to capture improvement, stabilization and decline in function**
 - 11 OASIS functional items
 - risk adjusted
- 2. composite functional decline measure**
 - 8 OASIS items

HHVBP

The following ADLs/IADL-related items included in developing a change in ADL/IADL performance (Pg 35337)

- **ADL OASIS–C2 items related to Self- Care:**
 - M1800 (Grooming).
 - M1810 (Upper body dressing).
 - M1820 (Lower body dressing).
 - M1845 (Toileting hygiene).
 - M1870 (Eating).
- **ADL OASIS–C2 items related to Mobility:**
 - M1840 (Toilet transferring).
 - M1840 (Bed transferring).
 - M1860 (Ambulation).
- **Other IADLs OASIS items:**
 - M1880 (Light meal preparation).
 - M1890 (Telephone use).
 - M2020 (Oral medication management).

HHVBP

Decline in function composite measure (pg 35338)

- **Ambulation/Locomotion (M1860).**
- **Bed Transferring (M1840).**
- **Toilet Transferring (M1840).**
- **Bathing (M1830).**
- **Toilet Hygiene (M1845).**
- **Lower Body Dressing (M1820).**
- **Upper Body Dressing (M1810).**
- **Grooming (M1800).**

HHVBP

3. Behavior health measure

- **a. captures a patient's need for behavior or mental health supervision**
- **b. caregiver can/does provide for patient's mental or behavior health supervision needs.**

CY 2019 New HHPPS Model

- **New model intended to address:**
 - Access to care for vulnerable patients
 - Elimination of therapy volume as payment rate determinant
- **Home Health Groupings Model (HHGM)**
 - 144 payment groups
 - Episode timing: “early” or “late”
 - Admission source: community or institutional
 - Clinical grouping: 6 groups
 - Functional level: 2-3 groups
 - Comorbidity adjustment: secondary diagnosis based

CY 2019 New HHPPS Model

- **Notables**
 - Therapy volume domain eliminated
 - Cost per minute + NRS approach to resource use
 - 30 day periods within 60 day episode
 - Admission source (Hospital or PAC 14 days prior to early episode)
 - Six clinical groups
 - OASIS-based functional analysis M1800-1860 + M1032
 - Secondary diagnosis adjustment
 - Regression analysis (2016 base)

CY 2019 New HHPPS Model

- **30 day periods within 60 day episode**
 - First 30 is an “early” period, all others are “late”
 - “Early” period begins again after 60 day no service period
 - 73% of episodes completed within one 60-day episode
 - 86% of episodes completed within two 60-day episodes
 - Visits front-loaded

CY 2019 New HHPPS Model

- **Admission source**
 - Community vs institutional
 - Institutional : Hospital or PAC 14 days prior to early episode
 - Includes patients with acute hospital stay during the previous 30-day period and within 14 days to subsequent, contiguous period
 - PAC stays mid-period do not change admission source because of expected discharge from HH

CY 2019 New HHPPS Model

- **Six clinical groups**
 - **Musculoskeletal rehabilitation**
 - **neuro/stroke rehabilitation**
 - **wounds**
 - **complex nursing interventions**
 - **behavioral health**
 - **medication management, teaching and assessment**

CY 2019 New HHPPS Model

- **Outlier**
 - **Same formula with FDL ratio and 80% shared loss**
 - **Will recalculate for CY 2019 to fit 2.5% outlier budget**
- **RAPs**
 - **Propose maintaining 60% RAP on initial 30-day period**
 - **40% for next 30-day period**
 - **50% for initial subsequent periods**
 - **Requests comment on dropping RAPs**

CY 2019 New HHPPS Model

- **LUPA**
 - Applies to each 30 day period
 - LUPA threshold at 10th percentile value of visits
 - Specific to patient grouping
 - At least 2 visits for each group

- **PEP**
 - Remains same as current process

CY 2019 New HHPPS Model

- **Payment Rates**
 - Non-budget neutral vs. Partial budget neutral
 - Non-budget neutral = -4.3%
 - Partial = -2.2% in Year 1
 - Cost per minute + NRS amount
 - Using cost report and BLS data
 - Essentially a restarting (rebasng) of rates using FY 2001 starting point plus inflation updates
 - National, standardized 60-day episode payment amount + NRS / 2

New HPPS Model: CY 2019 Impact

- **HHAs providing high volume therapy visits will see payment decreases**
 - CMS believes payments will still be sufficient
- **Non-budget neutral= -4.3%**
 - Proprietary= -5.7%
 - Vol/NP= -1.0%
 - Freestanding= -4.7%
 - Facility-based= 0.0%
- **Partial budget neutral**
 - Proprietary= -3.6%
 - Vol/NP= 1.2%
 - Freestanding= -2.6%
 - Facility-based= 2.2%

New Rule Plan of Action

- **Deep dive analysis needed**
- **Check 2018 recalibrations to ensure budget neutrality**
- **Challenge CY 2019 new model implementation**
 - Method needs to be validated as reliable
 - Timing too soon as behavioral adjustments may be significant
 - Non-budget neutral transition unacceptable
- **Formal comments to CMS**
 - Include congressional involvement/support
 - Review legality of change

HHQRP

Socio-economic status and socio-demographic status as a risk adjuster – NQF trial under way for social risk factors with:

- Re-hospitalization within 30 days and ED use without hospitalization within 30 days

Proposes to remove 35 OASIS items not required for quality measures, payment, survey, HHVBP or care planning. (Page 35342, Table 45)

HHQRP

- IMPACT ACT
- Cross setting measures across PAC (SNF,LTCH,IRF,HHA)
- Standardized assessment items for PACs
- Both with specific domain

HHQRP

- **Quality Measure Domains:**
- Skin integrity and changes in skin integrity;
- Functional status, cognitive function, and changes in function and cognitive function;
- Medication reconciliation;
- Incidence of major falls;
- Transfer of health information and care preferences when an individual transitions;
- **Resource Use and Other Measure Domains:**
- Total estimated Medicare spending per beneficiary(MSPB);
- Discharge to community; and
- All-condition risk-adjusted potentially preventable hospital readmissions rates.

HHQRP

Standardized Assessment Domains :

- Functional status
- Cognitive function and mental status
- Special services, treatments, and interventions
- Medical conditions and co-morbidities
- Impairments

HHQRP

- Several new items and measures added in 2017 – OASIS C2
- No change in measures or assessment items for 2018
- Changes occur in 2019 reporting for 2020 HHQRP related to the IMPACT Act

HHQRP

2019 reporting /2020 HHQRP

Impact Act measures for domains of:

- Skin integrity and changes in skin integrity
- Functional status Cognitive function and changes in function and cognitive function
- Incidents of major falls

HHQRP

Measures collected 2019 for 2020 HHQRP

Skin integrity

- Replaces Percent of Residents or Patients with Pressure Ulcers That Are New or Worsened (Short Stay) (NQF #0678) with a measure entitled Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury,
 - includes tissue injury and unstageable pressure ulcers in the numerator

Functional status Cognitive function and changes in function and cognitive function

- 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)
 - Process measure for self care and mobility with goals

Incident of major falls

- Application of the Measure Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay)

HHQRP

Standardized assessment domains collected for 2019

- Functional Status
- Cognitive Function and Mental Status
- Special Services, Treatments, and Interventions Data
- Medical Condition and Comorbidity
- Impairments

HHQRP

Standardized Assessment Items

Functional Status

Uses the assessment items for the measure

- 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),

HHQRP

Standardized assessment item

Cognitive function and mental status

- Brief Interview for Mental Status (BIMS)
- Confusion Assessment Method (CAM)
- Behavioral Signs and Symptoms
- Patient Health Questionnaire-2

HHQRP

Standardized Assessment items

Special Services, Treatments, and Interventions

- i. Cancer Treatment: Chemotherapy (IV, Oral, Other)
- ii. Cancer Treatment: Radiation
- iii. Respiratory Treatment: Oxygen Therapy (Continuous, Intermittent)
- iv. Respiratory Treatment: Suctioning (Scheduled, As needed)
- v. respiratory Treatment: Tracheostomy Care
- vi. Respiratory Treatment: Non-Invasive Mechanical Ventilator (BiPAP, CPAP)
- vii. Respiratory Treatment: Invasive Mechanical Ventilator
- viii. Other Treatment: Intravenous (IV) Medications (Antibiotics, Anticoagulation, Other)
- ix. Other Treatment: Transfusions

HHQRP

Standardized Assessment items

Special Services, Treatments, and Interventions

- x. Other Treatment: Dialysis (Hemodialysis, Peritoneal Dialysis)
- xi. Other Treatment: Intravenous (IV) Access (Peripheral IV, Midline, Central Line, Other)
- xii. Nutritional Approach: Parenteral/IV Feeding
- xiv. Nutritional Approach: Feeding Tube
- xv. Nutritional Approach: Mechanically Altered Diet
- xvi. Nutritional Approach: Therapeutic Diet

HHQRP

Standardized Assessment items

Medical Conditions

Elements needed to calculate the current measure for pressure ulcers will be used

- Such as diabetes, incontinence, peripheral vascular disease or peripheral arterial disease, mobility, as well as low body mass index (BMI),

HHQRP

Standardized Assessment items

Impairments

- Hearing
- Vision

HHQRP

Considerations for Comments:

- Approprieness for home health
- Burden
- Duplication and/or overlap

HHQRP

- <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HomeHealthQualityInits/HHQIQualityMeasures.html>
- Measure and assessment data specifications documents
- OASIS change table
- <https://www.cms.gov/medicare/quality-initiatives-patient-assessment-instruments/post-acute-care-quality-initiatives/impact-act-of-2014/impact-act-downloads-and-videos.html>
- Various reports related to the work on the IMPACT Act

HHQPR

Public reporting (HHC)

2019 for measures that began collection in 2017

OASIS based measures

Percent of Patients or Residents with Pressure
Ulcers that are New or Worsened

and

Drug Regimen Review

HHQRP

Claims based measures

(1) Medicare Spending Per Beneficiary

(2) Discharge to Community; and

(3) Potentially Preventable 30-Day Post-
Discharge Readmission

Quality Reporting

Quality Assessments Only (QAO)

- 90 % for CY 2019 APU (reporting year July 1, 2017 – June 30, 2018)
 - 80% for CY 2018 APU finalized in 2017 final rule (Reporting year July1, 2016-June 31, 2017)
 - HHQRP exceptions and extensions
 - Natural or manmade disasters
- Process for reconsiderations of non-compliance

OASIS

- Proposes to collect on all patients
 - Congress issued a temporary suspension in MMA 2003
 - burden
 - Violation of patient rights where Medicare is not the payer

Conclusion

- **Minor rule for CY 2018**
 - Within expectations
- **Major rule for CY 2019**
 - Changes will be highly disruptive
 - CMS needs to move very cautiously