



CMS CY2023 Home Health Payment Proposed Rule

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Medicare HH 2023 Proposed Rule



- CY 2023 Home Health Prospective Payment System Rate Update and..... Much More
- <https://public-inspection.federalregister.gov/2022-13376.pdf>
- \$810M expected spending decrease
- 2.9% inflation rate update
- 0.2% decrease in outlier spending
- 7.69% PDGM Budget Neutrality Adjustment
- Maintains PDGM case mix model
 - Recalibrates all 432 case mix weights and LUPA thresholds
 - Institutes permanent 5% cap on negative wage index changes to reflect changes in workforce costs
 - Outlier FDL modified to 0.44 (increases # of outlier periods)
- Home Health Value Based Purchasing demo (HHVBP) expansion nationwide modified slightly
- QRP modified

3

TABLE 1: SUMMARY OF COSTS, TRANSFERS, AND BENEFITS

Provision Description	Costs and Cost Savings	Transfers	Benefits
CY 2023 HH PPS Payment Rate Update		The overall economic impact related to the changes in payments under the HH PPS for CY 2023 is estimated to be \$-810 million (-4.2 percent). The \$810 million decrease in estimated payments for CY 2023 reflects the effects of the CY 2023 home health payment update percentage of 2.9 percent (\$560 million increase), an estimated -6.9 percent decrease that reflects the effects of the permanent behavioral adjustment (1.3 billion) and an estimated -0.2 percent decrease that reflects the effects of an updated FDL (\$40 million decrease).	To ensure that home health payments are consistent with statutory payment authority for CY 2023.
HH QRP	The total costs beginning in CY 2025 is an estimated \$267,157,680.3 based upon the collection of OASIS data on all patients, regardless of payer.		
Expanded HHVBP Model		The overall economic impact of the expanded HHVBP Model for CYs 2023 through 2027 is an estimated \$3.376 billion in total savings to Fee-for-Service (FFS) Medicare from a reduction in unnecessary hospitalizations and skilled nursing facility (SNF) usage as a result of greater quality improvements in the HH industry. As for payments to HHAs, there are no aggregate increases or decreases expected to be applied to the HHAs competing in the expanded Model.	
Medicare Coverage of Home Infusion Therapy		The overall economic impact of the statutorily-required home infusion therapy payment rate updates is expected to be minimal, based on the percentage increase of the Consumer Price Index (CPI-U) reduced by the productivity adjustment. The CPI-U for June of 2022 was not yet available for this proposed rule.	To ensure that payment for home infusion therapy services are consistent with statutory authority for CY 2023.

4

2023 Proposed Payment Rates



- Base payment rates are increased by a net Market Basket Index of 2.9%
 - An annual inflation update of 3.3
 - Reduced by a 0.2 Productivity Adjustment to net at 2.9%
- PDGM 7.69% Budget Neutrality Adjustment (BNA)

TABLE B27: CY 2023 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT

CY 2022 National Standardized 30-Day Period Payment	Permanent BA Adjustment Factor	Case-Mix Weights Budget Neutrality Factor	Wage Index Budget Neutrality Factor	CY 2023 HH Payment Update	CY 2023 National, Standardized 30-Day Period Payment
\$2,031.64	0.9231	0.9895	0.9975	1.029	\$1,904.76

5

2023 Proposed Payment Rates

TABLE B29: CY 2023 NATIONAL PER-VISIT PAYMENT AMOUNTS

HH Discipline	CY 2022 Per-Visit Payment Amount	Wage Index Budget Neutrality Factor	CY 2023 HH Payment Update	CY 2023 Per-Visit Payment Amount
Home Health Aide	\$71.04	0.9992	1.029	\$73.04
Medical Social Services	\$251.48	0.9992	1.029	\$258.57
Occupational Therapy	\$172.67	0.9992	1.029	\$177.54
Physical Therapy	\$171.49	0.9992	1.029	\$176.32
Skilled Nursing	\$156.90	0.9992	1.029	\$161.32
Speech-Language Pathology	\$186.41	0.9992	1.029	\$191.66

6

Proposed Inflation Update

- Proposed CY 2023 home health market basket update of 3.3 percent
- based on IHS Global Inc.'s first-quarter 2022 forecast with historical data through fourth-quarter 2021
- reduced by a productivity adjustment, currently estimated to be 0.4 percentage point for CY 2023.
- Net update percentage for CY 2023 is a 2.9 percent increase
- If more recent data become available after the publication of this proposed rule and before the publication of the final rule (for example, more recent estimates of the home health market basket update and productivity adjustment), CMS would use such data, if appropriate

7

PDGM Case Mix Weights Recalibrated

- recalibrate annually the PDGM case-mix weights using a fixed effects model with the most recent and complete utilization data available at the time of annual rulemaking.
- reflect current home health resource use and changes in utilization patterns.
- used CY 2021 home health claims data with linked OASIS data (as of March 21, 2021)
- reflective of PDGM utilization and patient resource use for CY2023
- the proposed recalibrated case-mix weights will be updated based on more complete CY2021 claims data for the final rule

8

PDGM Case Mix Weights Recalibrated

- **238 groups that experience a -5% to 0% change in case-mix weights**
- **183 groups that experience a 0% to +5% change in weights**
- **10 groups that experience a change between +5% and +10%**
- **one group that experiences a 10% to 12% increase in weights**
- **changes to the PDGM case-mix weights are implemented in a budget neutral manner**

9

Area Wage Index Changes

- **proposing to apply a permanent 5-percent cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline.**
- **proposing that a geographic area's wage index for CY 2023 would not be less than 95 percent of its final wage index for CY 2022, regardless of whether the geographic area is part of an updated CBSA**
- **for subsequent years, a geographic area's wage index would not be less than 95 percent of its wage index calculated in the prior CY**
- **further propose that if a geographic area's prior CY wage index is calculated based on the 5-percent cap, then the following year's wage index would not be less than 95 percent of the geographic area's capped wage index**
- **for example, if a geographic area's wage index for CY 2023 is calculated with the application of the 5-percent cap, then its wage index for CY 2024 would not be less than 95 percent of its capped wage index in CY 2023.**

10

Proposed Wage Index Changes: Negative Impact

CBSA	2023	2022	Diff.
• Oxnard-Thousand Oaks-Ventura, CA	1.3190	1.3884	-0.0694
• Eau Claire, WI	0.9962	1.0486	-0.0524
• Wilmington, DE-MD-NJ	1.0421	1.0939	-0.0518
• Bellingham, WA	1.1781	1.2296	-0.0515
• Flint, MI	1.0199	1.0694	-0.0495
• Kahului-Wailuku-Lahaina, HI	1.1781	1.2272	-0.0491
• Billings, MT	0.9059	0.9536	-0.0477
• Racine, WI	0.9035	0.951	-0.0475

11

Proposed Wage Index Changes: Positive Impact

CBSA	2023	2022	Difference
Sierra Vista-Douglas, AZ	0.8583	0.7934	0.0649
Fond du Lac, WI	0.9110	0.8386	0.0724
Brunswick, GA	0.8786	0.7767	0.1019
Elizabethtown-FortKnox, KY	0.8962	0.7743	0.1219
Yuba City, CA	1.4400	1.3095	0.1305
Vallejo-Fairfield, CA	1.9426	1.796	0.1466

12

LUPA

- All 432 LUPA thresholds have been subject to modification
- LUPA periods that occur as the only period of care or the initial 30-day period of care in a sequence of adjacent 30-day periods of care by the appropriate add-on factor
 - 1.8451 for SN
 - 1.6700 for PT
 - 1.6266 for SLP
 - OT same as PT until data becomes available
- Example: using the proposed CY 2023 per-visit payment rates for HHAs that submit the required quality data, for LUPA periods that occur as the only period or an initial period in a sequence of adjacent periods, if the first skilled visit is SN, the payment for that visit would be \$297.65 (1.8451 multiplied by \$161.32), subject to area wage adjustment.

13

Outlier

- loss-sharing ratio of 0.80--- Medicare pays 80 percent of the additional estimated costs that exceed the outlier threshold amount
 - Using CY 2021 claims data (as of March 21, 2022)
 - statutory requirement that total outlier payments do not exceed 2.5 percent of the total payments
- proposing an FDL ratio of 0.44 for CY 2023 (down from 0.51)
- Results in an increase in outlier episodes
- CMS will update the FDL, if needed, when more complete CY 2021 claims data is available

14

Medicare PDGM Outlook



- High degree of instability for 2023 if proposal finalized
- Further risk in later years with \$2-3B reconciliation proposal
- Rulemaking presents opportunity to convince CMS to use an alternative BNA methodology
- Congressional supporters involved
- Data shows significant behavioral changes
 - Therapy utilization
 - Wound care patients
 - Functional status reporting

15

CY2023 Medicare Home Health Rule Action Plan



- Deep-dive analysis of proposed BNA methodology
 - Appears CMS did not do a budget neutrality analysis
 - Instead, re-did original impact analysis applying actual behavioral changes
 - Did not apply impact of therapy utilization on payment
- Coordinated submission of comments and recommendations on the proposed rule
 - Market Basket Index update
 - Case mix weight recalibration
 - Budget neutrality evaluation
- Enlist White House engagement
- Congressional action to control BNA methodology and outcome
- Legal action?

16

Telecommunications Data

- **Proposed G-codes**
 - Real-time two-way audio-visual technologies
 - Audio only technologies, including telephone
 - Remote monitoring
- **Voluntary January 1, 2023**
- **Required July 1, 2023**
- **Capture utilization patterns and patient characteristics**

17

HH QRP

- **Require collecting and report OASIS data on all patients**
- **CY 2025 HH QRP – January 1, 2024-June 30, 2024**
- **CY 2026 HH QRP –July 1, 2024-June 30, 2025**
- **2018 HH payment rule - request information**
- **2020 HH payment rule proposed but never finalized**
- **Recognizes potential burden for HHAs**
- **Provide CMS with robust quality of care information**

18

HH QRP

- **Codifying into regulation the 8 measure removal factors**
- **Finalized in the CY 2019 final HHPPS rate update rule**
- **Request for information: Health Equity in the HH QRP**

19

HH QRP -Health Equity

- **Seeks input on five questions**
 - **Effort to recruit staff, volunteers and board members**
 - **How does HHA identify barriers to access to care**
 - **Barriers to collecting data on disparities**
 - **How does HHA collect demographic data**
 - **How is HHA collecting SDOH to inform health equity initiatives.**

20

HH QRP –Health Equity

- **Propose adopting a composite structure measure - three domains for reporting**
- **One point for each domain**
 - **Domain 1- HHAs commitment to reducing disparities, strategic plan, report community engagement, solicit input from patients**
 - **Domain 2 – Training leaders and staff on diversity and inclusion**
 - **Domain 3 –Capture organizational inclusion activities and capacity to promote health equity**

21

HHVBP

- **Revise definition for “baseline year” to differentiate improvement threshold is the HHA baseline and the achievement threshold is the model baseline.**
- **Proposes to change baseline year for new and existing HHA**
 - **Existing HHAs to use 2022 for 2023 reporting rather than 2019.**
 - **New HHAs will vary depending on enrollment year**

22

HHVBP

- **Seeking comments on future approach to health equity in the HHVBP**
 - **Policy changes to be considered**
 - **Incorporating adjustment to reflect the varied populations served by HHA**
 - **Stratification**
 - **New measures for SDOH**
 - **Modified benchmarks, points, or payment adjustments**

23

Home Infusion Therapy Services

- **Rates are annually adjusted by the percent increases in the CPI.**
- **Productivity adjustment**
- **Adjusted by the geographic adjustment factor (GAF)**
- **Inputs based on final physician fee schedule**
- **Posted on the HIT website when available**
- **Going forward updates in Change Request**

24