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CMS announces 2011 payment changes for Medicare Home Health services

Final Rule reflects improvements to quality and efficiency of care

The Centers for Medicare & Medicaid Services (CMS) today issued a final rule to update the Home Health Prospective Payment System (HH PPS) rates for Calendar Year (CY) 2011. This final rule reflects CMS' ongoing efforts to improve quality of care provided by home health agencies to Medicare beneficiaries. The rule promotes efficiency in payments, implements various Affordable Care Act (ACA) provisions and enhances Medicare's program integrity.

Home health agency (HHA) payments are estimated to decrease by approximately 4.89 percent -- or \$960 million -- in 2011. This impact accounts for ACA provisions, wage index and market basket updates, and case-mix coding adjustments. Under the new law, the existing home health agency outlier cap becomes permanent and HH PPS rates are reduced by an additional 2.5 percent. The rule mandates that CMS apply a one (1) percentage point reduction to the CY 2011 home health market basket amount; this results in a 1.1 percent market basket update for HHAs in CY 2011.

CMS originally proposed reducing CY 2011 HH PPS rates by 3.79 percent in CY 2011 and an additional 3.79 percent in CY 2012 for additional growth in aggregate case mix that is unrelated to changes in patients' health status. In response to comments, CMS has finalized the reduction for CY 2011, but has postponed action for CY 2012 to allow for further analysis.

“By advancing patient care, improving quality and fighting fraud, this final rule addresses important concerns shared by the home health industry and all Medicare stakeholders . “This final rule will help us ensure more accurate payments and retain prudent financial stewardship of the Medicare trust funds,” said Jonathan Blum, director of the Center for Medicare and deputy administrator for CMS. ”

The final rule also implements other ACA provisions requiring:

- A physician certifying a patient's eligibility for Medicare's home health benefit to document that the certifying physician or allowed non-physician practitioner has had a face-to-face encounter with the patient. This documentation is needed prior to certification of the patient's eligibility for Medicare's home health benefit.

- A hospice physician or nurse practitioner to provide a face-to-face encounter prior to the hospice physician re-certifying the patient's eligibility for hospice services at the 180th day recertification of care and for all subsequent certifications.

In CY 2010, CMS finalized a policy requiring HHAs that change ownership within three years of initial enrollment to obtain a new State survey or accreditation. CMS has established exceptions to the 36-month ownership provision and provided further clarification on its capitalization provisions. CMS also clarified policies for:

- Coverage of therapy services in the home health setting, including describing the expectations that qualified therapists measure and document therapy effectiveness.
- Quality reporting requirements for the CY 2012 HH PPS rate update, related to the Home Health Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey.

The rule can be located at: <http://federalregister.gov/inspection.aspx>. The rule will be published at the Federal Register on November 17, 2010. The effective date is January 1, 2011.

More information is available at www.healthcare.gov, a new web portal from the U.S. Department of Health and Human Services.

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