

For Immediate Release: Friday, November 02, 2012
Contact: CMS Office of Public Affairs
202-690-6145

CMS FINALIZES 2013 MEDICARE HOME HEALTH PAYMENT CHANGES

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) 2013. Payments to home health agencies are estimated to be virtually unchanged next year, decreasing by approximately \$10 million in CY 2013 (about 0.01%). This reflects the net effect of a 1.3 percent home health payment update, an updated wage index, an update to the fixed-dollar loss (FDL) ratio, and a case-mix coding adjustment intended to offset coding changes unrelated to changes in patient health needs.

This final rule reflects CMS's ongoing efforts to support Medicare beneficiary access to home health services while fostering greater efficiency, flexibility, payment accuracy and improved quality.

The final rule rebases and revises the home health market basket to ensure that it continues to adequately reflect the price changes of providing efficient home health services. The CY 2013 home health market basket results in a labor-related share of 78.535 percent and a non-labor share of 21.465 percent.

Medicare law applies a 1 percent reduction to the CY 2013 home health market basket update of 2.3 percent, resulting in a 1.3 percent home health payment update for home health agencies next year. As part of the 2012 HH PPS final rule, CMS finalized a reduction in rates of 1.32 percent in CY 2013 to account for growth in aggregate case-mix that is unrelated to changes in patients' health status. This is unchanged in this final rule. CMS will continue to monitor any future changes in case-mix and make updates as appropriate.

In acute or post-acute care settings, this final rule provides additional flexibility in certifying patients as eligible for the home health benefit. The HH PPS final rule makes changes that help ensure patients maintain access to therapy services, while reducing burden on home health agencies.

The final rule promotes quality of care for patients by ensuring that home health agencies that are out of compliance with Federal health and safety standards, known as the Conditions of Participation, can correct their performance and achieve prompt compliance. The rule provides agencies with the opportunity to achieve compliance through new methods, such as directed plans of correction or directed in-service training. It also permits CMS to impose alternative sanctions in addition to termination for agencies that do not maintain or achieve compliance with Federal health and safety standards. The rule establishes new survey and certification requirements for home health agencies including definitions for types of surveys, survey frequency, surveyor qualifications, and the opportunity for Informal Dispute Resolution. Finally, this rule extends certain requirements concerning the hospice quality reporting program to subsequent years.

For additional information about the Home Health Prospective Payment System, visit <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/index.html>.

For more information on the final rule, see:

<http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>.

Background

To qualify for the Medicare home health benefit, a Medicare beneficiary must be under the care of a physician, have an intermittent need for skilled nursing care, or need physical or speech therapy, or continue to need occupational therapy. The beneficiary must be homebound and receive home health services from a Medicare approved home health agency.

Medicare pays HHAs through a system of prospective payments that pays at higher rates to care for those beneficiaries with greater needs. Payment rates are based on relevant data from patient assessments conducted by clinicians as currently required for all Medicare-participating HHAs.

Home health payment rates are updated annually by the home health market basket percentage increase. CMS uses the home health market basket index, which measures (and tracks) inflation in the prices of an appropriate mix of goods and services included in home health services.