Illinois Health and Hospital Association

MEDICARE PAYMENT FACT SHEET

JULY 2021

CY 2022 MEDICARE HOME HEALTH PPS PROPOSED RULE – CMS-1747-P

On July 7, the Centers for Medicare & Medicaid Services (CMS) published its annual proposed rule updating the Home Health Prospective Payment System (HH PPS) effective Jan. 1, 2022 through Dec. 31, 2022. Comments are due on Aug. 27. The page numbers in this fact sheet refer to the desk copy of the proposed rule.

CY 2022 Proposed Payment Rate (*pp. 15-16, 65, 72-74, 337-338)*

CMS estimated an overall calendar year (CY) 2022 rate update of 1.7% or $310 million (2.4% market basket update minus the ACA-mandated productivity market basket reduction of 0.6 percentage points). This increase reflects a payment update percentage of 1.8% ($330 million increase) and an estimated decrease of 0.1% in payments ($20 million decrease) due to the rural add-on percentage mandated by the Bipartisan Budget Act of 2018. CMS also proposed a wage index budget neutrality adjustment factor of 1.0013. Home health agencies (HHAs) that do not submit required quality data are subject to a 2.0 percentage point reduction in their payment rate, resulting in a -0.2% update.

Proposed CY 2022 Payment Rates for 30-Day Periods

CY 2021 30-Day Payment	CY 2022 30-Day Payment	CY 2022 30-Day Payment, No Quality Data
$1,901.12	$2,013.43	$1,973.88

Proposed CY 2022 National Per-Visit Payment Amounts

HH Discipline	CY 2021 Per-Visit Payment	CY 2022 Per-Visit Payments	CY 2022 Per Visit Payments, No Quality Data
Home Health Aide	$69.11	$70.45	$69.07
Medical Social Services	$244.64	$249.39	$244.49
Occupational Therapy	$167.98	$171.24	$167.88
Physical Therapy	$166.83	$170.07	$166.73
Skilled Nursing	$152.63	$155.59	$152.54
Speech-Language Pathology	$181.34	$184.86	$181.23

Patient-Driven Grouping Model (PDGM) Low Utilization Payment Adjustment (LUPA) Thresholds and PDGM Case Mix Weights (*pp. 44- 45*)

CMS proposed maintaining the CY 2020 LUPA thresholds for CY 2022 payment purposes due to the COVID-19 public health emergency (PHE) (see Table 17 in the CY 2020 HH PPS final rule).

CMS also proposed updating case-mix weights using CY 2020 data. CMS will repost the LUPA thresholds as well as the case-mix weights on the Medicare HH PPS website.

High Cost Outliers and Fixed-Dollar Loss Ratio (*pp. 82-84*)

By law, CMS limits outlier payments to 2.5% of total HH PPS payments. CMS caps each HHA's outlier payments at 10% of total PPS payments. CMS proposed a fixed-dollar loss ratio of 0.41 for CY 2022.

Payment Add-On for Rural HHAs (*pp. 79-81*)

CMS finalized rural add-on payments through CY 2022 in the CY 2019 HH PPS final rule. CMS placed counties into one of three categories for rural add-on payments: (1) high HH utilization; (2) low population density; or (3) all other rural counties and equivalent areas. All rural counties in Illinois are in category 3, meaning rural Illinois HHAs will not receive a rural add-on payment in CY 2022. More information, including county classifications, are on CMS' HHA Center website.

Wage Index (*pp. 66, 69*)

CMS proposed applying the federal fiscal year (FFY) 2022 pre-rural floor, pre-reclassified inpatient hospital wage index to the labor-related portion of the HH PPS payment rate. In CY 2019, CMS finalized a labor-related share of 76.1% for CY 2019 and all subsequent years (based on the FFY 2016 Medicare cost report). The proposed CY 2022 HH wage indexes for Illinois core-based statistical areas (CBSAs) are below:

CY 2022 Proposed Illinois HH Wage Indexes by CBSA

CBSA	Proposed Wage Index
Bloomington	0.9138
Cape Girardeau	0.8300
Carbondale-Marion	0.8197
Champaign-Urbana	0.8699
Chicago-Naperville-Evanston	1.0392
Danville	0.9427
Decatur	0.8371
Elgin	1.0254
Kankakee	0.8934
Lake County	1.0069
Peoria	0.8475
Rock Island-Moline	0.8391
Rockford	0.9922
Springfield	0.9156
St. Louis	0.9595
Rural	0.8404

Notice of Admission Process (*p. 75)*

Beginning CY 2022, HHAs must implement the new Notice of Admission (NOA) process finalized in the CY 2020 HH PPS final rule. HHAs will submit a one-time NOA that establishes the home health period of care and covers all contiguous 30-day periods of care until the HHA discharges the beneficiary from Medicare home health services. CMS also finalized a payment reduction if the HHA does not submit the NOA within five calendar days from the start of care. The payment reduction equals one-thirtieth of the wage and case-mix adjusted 30-day period payment amount for each day from the home health start of care date until the HHA submits the NOA. For LUPA 30-day periods of care, providers will not receive LUPA payments for days prior to the submission of the NOA. The provider is liable for these days, and while the payment reduction will not exceed the total payment of the claim, the provider may not bill the beneficiary for unreimbursed days due to untimely NOA submissions.

HH Quality Report Program (QRP) (*pp. 172-194*)

HHAs that do not successfully participate in the HH QRP are subject to a 2.0 percentage point reduction to their market basket update. For CY 2022, the HH QRP includes the 20 measures listed in Table 28 of the CY 2020 HH PPS final rule.

CMS proposed removing the Drug Education on all Medication Provided to Patient/Caregiver measure from the HH QRP beginning Jan. 1, 2023. CMS also proposed replacing the Acute Care Hospitalization During the First 60 days of Home Health (NQF # 0171) measure and the Emergency Department Use Without Hospitalization During the First 60 Days of Home Health (NQF # 0173) measure with the Home Health Within Stay Potentially Preventable Hospitalization measure beginning with the CY 2023 HH QRP.

Beginning April 2022, CMS proposed publicly reporting the Percent of Residents Experiencing One or More Major Falls with Injury measure, and the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function (NQR #2631) measure.

Additionally, CMS proposed revising the compliance date from the May 8, 2020 COVID-19 PHE interim final rule with comment period for the collection of certain QRP measures on the Outcome and Assessment Information Set (OASIS)-E. Originally, CMS required HHAs to begin collecting data on the Transfer of Health Information (TOH) to the Provider-PAC, TOH Information to the Patient-PAC, and certain Standardized Patient Assessment Data Elements (SPADEs) beginning with discharges and transfers on Jan. 1 of the year that is at least one full calendar year after the end of the COVID-19 PHE. Now CMS proposed requiring the reporting of these QRP measures beginning Jan. 1, 2023.

Proposed Changes to Conditions of Participation (CoPs) (*p. 196-201*)

CMS proposed revising Home Health Aide Supervision requirements to allow HHAs to use interactive telecommunication systems for aide supervision, not exceeding two virtual supervisory assessments per HHA in a 60-day period. CMS also proposed changes to the competency assessment and retraining of aides providing care to patients receiving all levels of HHA care.

Additionally, CMS proposed allowing occupational therapists (OTs) complete the comprehensive assessment for Medicare patients when ordered with another qualifying rehabilitation therapy service (i.e., speech language pathology or physical therapy) and when skilled nursing care is not initially in the plan of care.

Finally, CMS requested comments on the adequacy of aide staffing, including:

- Whether HHAs employ or arrange for HH aides (under contract) to provide aide services;
- The number of HH aides per HHA (both directly employed and under contracts) and whether that number increased or decreased over the past 5 to 10 years;
- The average number of aide hours per beneficiary with aide service ordered on the plan of care; and
- The effect of the PHE on the ability of HHAs to employ HH aides or arrange for (under contract) the provision of HH aide services.

Proposed Occupational Therapy LUPA Add-on Factor (*pp. 78*)

As stated above, CMS proposed allowing OTs to conduct initial and comprehensive assessments for all Medicare beneficiaries when the plan of care does not initially include skilled nursing care, but does include either physical therapy (PT) or speech language pathology (SLP). CMS proposed establishing a LUPA add-on factor for such instances using the PT LUPA add-on factor of 1.6700 as a proxy until there are sufficient CY 2022 data to calculate an accurate OT LUPA add-on factor.

Home Infusion Therapy Services (*pp. 203-210*)

CMS did not propose any changes to the three home infusion therapy services payment categories finalized in the CY 2020 HH PPS final rule. The J-Codes associated with each category are in the MLN Matters article entitled "Billing for Home Infusion Therapy Services On or After January 1, 2021."

The CY 2022 Physician Fee Schedule (PFS) proposed Geographic Adjustment Factor (GAFs) values will be posted as an addendum on the Medicare PFS website. CMS will remove the 3.75% increase from the PFS amounts used for the CY 2021 home infusion therapy payment rates and use unadjusted CY 2021 rates for the CY 2022 payment amounts. CMS will update the CY 2022 payment amounts using the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the 12-month period ending June 2021 reduced by the multifactor productivity adjustment. CMS will post final home infusion therapy 5-hour payment amounts on the Home Infusion Therapy Billing and Rates website.

Home Health Value-Based Purchasing (HHVBP) Model Expansion (*pp. 86-112*)

On Jan. 1, 2016, the CMS Innovation Center (CMMI) implemented the HHVBP model in nine states to test whether payment incentives lead to improved quality of care. In this proposed rule, CMS proposed a national expansion of the HHVBP model to all applicable Medicare-certified HHAs in all U.S. The first performance year for the expanded HHVBP model would be CY 2022 with quality performance data from CY 2022 used to calculate payment adjustments in CY 2024.

Measured on both achievement and improvement, HHAs that deliver higher quality of care in a given performance year measured against a baseline year relative to peers nationwide could receive a higher payment than they would otherwise be paid. HHAs that do not perform as well as their peers would receive a lower payment. CMS proposed a maximum payment adjustment of 5% (decrease or increase) for CY 2022.

CMS proposed creating smaller- and larger-volume cohorts of HHAs to facilitate like comparisons. In Illinois, this proposal results in 399 large HHAs and 64 small HAAs. Due to the COVID-19 PHE, CMS proposed to use CY 2019 data for the baseline year during the CY 2022 performance year.

CMS' proposed measure set for the CY 2022 performance year is in Table 26 of the proposed rule (*pp. 105-106*). The expanded HHVBP model participants will not need to submit a separate Home Health Care Consumer Assessment of Healthcare Providers and Systems (HHCAHPS) survey because HHCAHPS data are already required and collected under the HH QRP.

Requests for Information (*pp. 274-283*)

Similar to the other Medicare payment proposed rules for FFY and CY 2022, CMS requests information on the following:

- Proposed adoption of a standardized definition of digital quality measures (dQMs) that aligns across QRPs;
- Use of Fast Healthcare Interoperability Resources (FHIR) for future dQMs in the HH QRP;
- Future alignment of measures across reporting programs, federal and state agencies, and the private sector;
- Expanded measure development and the collection of other SPADEs to address gaps in health equity in the HH QRP;
- Recommendations for how CMS can promote health equity in outcomes among HHA patients; and
- Methods used to employ data in reducing disparities and improving patient outcomes.

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