Program Memorandum	**Department of Health & Human Services (DHHS)**
Intermediaries	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal A-02-030	Date: APRIL 22, 2002

CHANGE REQUEST 2070

Subject: Revisions to the Home Health Prospective Payment System (HH PPS) Pricer Software -- Regional Home Health Intermediaries (RHHIs) Only

I.   GENERAL INFORMATION

A.   Background

This Program Memorandum (PM) provides instructions for the creation of new output codes from the HH PPS Pricer in order to more discretely identify various HH PPS payment adjustment types. It also initiates the transmittal of the new codes and all other Pricer return codes to the Common Working File (CWF) and National Claims History (NCH).

1.   New Return Codes Identifying Payment Adjustments - The HH PPS Pricer software calculates the episode or per visit amounts appropriate for payment on all HH PPS Requests for Anticipated Payment (RAPs) and claims. For each claim calculated, the HH Pricer returns to the Medicare standard systems a pre-defined record of output data, including a two-position code that identifies the type of payment calculated by the software. This code is known as the return code. Currently, the return codes for final claim payments only identify three general payment categories – final payment, final payment with outlier, and low utilization payment adjustment (LUPA).   The requirements listed below create new return codes to specifically identify each of the payment adjustments applicable under HH PPS. This includes new codes for significant changes in condition (SCICs), partial episode payment (PEP) adjustments, and codes for each of these when an outlier is also applicable.

2.   New Error Return Code - When the HH PPS Pricer encounters a condition in a claim record that prevents the software from calculating a correct payment, the record is returned to the standard systems with a return code that identifies the error. As an additional payment safeguard, the Pricer software must be changed to identify a new error condition. When the total number of days of service in the episode exceed 60 days, a new error return code will be returned to the standard systems. Claims that receive this return code will be suspended by the RHHIs, so that system errors allowing the excess days can be researched and addressed.

3.   Transmission of Pricer Return Codes to CWF/NCH - Currently, the return code value created by the HH PPS Pricer and other Pricer modules is retained on the paid claim record by the standard systems, but is not transmitted to CWF and so it is not retained on the NCH. Because this code can be of value to data analysts in isolating particular kinds of payment adjustments for analysis as of the effective date below, the return code value must be transmitted to CWF/NCH. A new field in CWF and NCH claim records must be created to accommodate this value.

B.   Policy

The input/output record for the HH PPS Pricer is published in the Medicare Intermediary Manual (MIM) at §3656.7, and in the Home Health Agency (HHA) Manual at §475.4. Conforming changes to those sections will be made subsequent to this PM to reflect the creation of new codes. Information defining the various HH PPS payment adjustments can be found in the regulation at 42 CFR 484, Subpart E. The Medicare instructions are found in the MIM §3639, and the HHA manual §467.

CMS-Pub. 60A

II.   BUSINESS REQUIREMENTS

Claims Processing Requirements

Req. #	Resp.	Requirements
2070.1	Pricer	For output records in which there are more than one occurrence of the HRG Input Code, the Home Health (HH) Pricer must assign return code 07 (defined "final payment, SCIC").
2070.2	Pricer	For output records in which there are more than one occurrence of the HRG Input Code and an outlier payment is also present, HH Pricer must assign return code 08 (defined "final payment, SCIC with outlier").
2070.3	Pricer	For output records in which the PEP indicator is equal to Y, HH Pricer must assign return code 09 (defined "final payment, PEP").
2070.4	Pricer	For output records in which the PEP indicator is equal to Y and an outlier payment is also present, HH Pricer must assign return code 11 (defined "final payment, PEP with outlier").
2070.5	Pricer	For output records in which there are more than one occurrence of the HRG Input Code and the PEP indicator is equal to Y, HH Pricer must assign return code 12 (defined "final payment, SCIC within PEP").
2070.6	Pricer	For output records in which there are more than one occurrence of the HRG Input Code, the PEP indicator is equal to Y and an outlier payment is also present, HH Pricer must assign return code 13 (defined "final payment, SCIC within PEP with outlier").
2070.7	Pricer	For input records in which the sum of all HRG number of days values is greater than 60, HH Pricer must assign return code 16 (defined "invalid HRG days, > 60").
2070.8	Pricer	The new codes created in requirements .1 through .7 must be applied to records with through dates on or after October 1, 2002. The new codes will not be applied retrospectively in earlier calculation modules.
2070.9	SS	Standard systems must create a new edit which will be assigned to any claim which received HH Pricer return code 16.
2070.10	RHHIs	The new SS edit created in .9 above must be set to suspend affected claims.
2070.11	SS/ CWF	A new two byte field will be added to the CWF transmit and history records to carry the Pricer return code for all claims that are calculated with Pricer software (i.e. inpatient, outpatient, SNF, hospice, home health, and inpatient rehabilitation facility claims).

III. POSSIBLE DESIGN CONSIDERATIONS AND SUPPORTING INFORMATION

A. Inputs

X-Ref Req. #	Input Description
N/A	No new provider claims inputs are required in this process.

B. Outputs

X-Ref Req. #	Output Description
N/A	No outputs to beneficiaries or providers are impacted by this process. Pricer return codes are not reported on MSNs/EOMBs or remittance advices.

C. Interfaces

X-Ref Req. #	Interface Description
N/A	The HH PPS Pricer interface with the standard systems is not affected by this instruction. The new return code values will be placed in the existing PAY-RTC field on the Pricer output record.

D. Provider Impact

X-Ref Req. #	Provider Impact (Specify Contractor Requirements for the Impacts Below)
2070.10	In the event that a claim is suspended due to return code 16, provider payment for that claim may be delayed. Suspending the record will prevent the corresponding RAP for that episode from being systematically cancelled, limiting the impact on the provider.

E. Contractor Financial Reporting /Workload Impact - This instruction will not result in impacts to financial reporting or contractor workload.

F. Dependencies - This Change Request is not dependent on any other current Change Request or on any pending regulation/instruction.

G. Testing Considerations - N/A

IV. ATTACHMENT(S) - N/A

The *effective date* for this PM is October 1, 2002.

The *implementation date* for this PM is October 1, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after October 1, 2003.

If you have any questions, contact your Regional Office.