Program Memorandum Intermediaries

Transmittal A-03-060   Date: JULY 18, 2003

CHANGE REQUEST 2832

SUBJECT: Medicare Program - Update to the Prospective Payment System (PPS) for Home Health Agencies for FY 2004

I. GENERAL INFORMATION

A.   Background:

This Program Memorandum (PM) is to direct Regional Home Health Intermediaries (RHHIs) to implement the FY 2004 annual update for the home health prospective payment system (HH PPS). The home health PPS rates are the national 60-day episode and the national per-visit amounts by discipline used to calculate the low utilization payment adjustment and the outlier payment. For FY 2004, we again use the design and case mix methodology described in section III.G of the home health PPS July 3, 2000, final rule (65 FR 41192 through 41203). For FY 2004, we base the wage index adjustment to the labor portion of the PPS rates on the most recent pre-floor and pre-reclassified hospital wage index available at the time of publication of the home health PPS annual update notice. The labor adjustment to the PPS rates will continue to be based on the site of service of the beneficiary as set forth in the Code of Federal Regulations at 42 CFR 484.220 and 484.230. This labor adjustment is applied to both per-episode and per-visit payment calculations.

B. Policy:

The home health PPS annual update notice was published in the **Federal Register** on July 2, 2003.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2832.1	Medicare systems shall install a new HH PPS Pricer software module effective October 1, 2003.	SS
2832.2	Medicare systems shall apply the FY 2004 HH PPS payment rates to episodes with claim statement "Through" dates on or after October 1, 2003.	Pricer
2832.3	Medicare systems shall apply an updated MSA table to reflect the 2003 pre-floor, pre-reclassification hospital wage index.	Pricer
2832.4	RHHIs and the audit intermediaries of hospital-based home health agencies shall educate providers about the new rates within 2 weeks of receipt.	FIs

CMS Pub. 60A

2832.4.1	RHHIs and audit intermediaries shall obtain the new rates and wage indices from the **Federal Register** via the Government Printing Office Web site at www.gpoaccess.gov/fr/advanced.html and publish them via the their Web site.	FIs
2832.4.2	RHHIs and audit intermediaries shall inform home health agencies that the updated rates will be applied to requests for anticipated payment (RAPs) and claims with "Through" dates on or after October 1, 2003.	FIs
2832.4.3	RHHIs and audit intermediaries shall inform home health agencies that no billing changes are required of home health agencies to receive the updated rates.	FIs

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
2832.1	The new HH Pricer module will not contain any new calculation logic, but will simply apply the existing calculations to the updated national episode and national per-visit rates.
2832.1	The table of HIPPS code weights in HH Pricer will not be updated.
2832.2	Claim statement "Through" dates are reported in FL6 of the UB-92 claim form (or its electronic equivalent).
2832.4	CMS will provide additional notice of the publication of the new rates via the HH PPS electronic mailing list.

B. Design Considerations: N/A

C. Interfaces:

X-Ref Requirement #	Instructions
2832.1	The input and output records of the HH Pricer module will not be changed.

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT (S): None

Version: Draft 7/2/2003	Effective Date: October 1, 2003
Implementation Date: October 1, 2003	Funding: These instructions should be implemented within your current operating budget.
Discard Date: October 1, 2004	
Post-Implementation Contact: Appropriate Regional Office	Pre-Implementation Contact: Kathleen Walch (410) 786-7970 for payment policy questions. Contact: Wil Gehne (410) 786-6148 for operational questions.