

Related CR #: 2927

Medlearn Matters Number: MM2927

Release Date: 10/31/2003

Effective Date: April 1, 2004

Implementation Date: April 5, 2004

Transmittal #: R17CP

Correction of Payments to Terminated Home Health Agencies

Provider Types Affected

Home Health Agencies (HHAs).

Provider Action Needed

Home Health Agencies need to be aware of the payment corrections to terminated home health agencies under the Home Health Prospective Payment System (HH PPS). **NOTE:** HHAs that submit claims to the Associated Hospital Services (AHS) of Maine should be aware that their regional home health intermediary uses a claims processing system that is exempt from making this change. The corrected payment process described below will apply to their claims after AHS' conversion to a new claims processing system is complete later this year.

Background

After a home health agency (HHA) terminates their Medicare provider agreement, they may receive payment for home health services for up to 30 days, if these services are furnished under a home health plan of care established before the effective date of the termination.

In October 2000 the basis of Medicare payment for home health services changed to a home health prospective payment system (HH PPS) based on 60-day episodes of care. As a result of this change to 60-day episodes, payments are not being made in all appropriate cases for services within 30 days of a provider's termination date

If a home health episode of care begins prior to a provider's termination date, and that episode of care **ends within the 30-day period**, Medicare pays for home health services beyond the termination date. These payments are consistent with Medicare regulations.

However, in cases where an episode of care begins prior to a provider's termination date and that episode **ends after the 30-day allowance period**, the entire claim is currently not paid. Under Medicare regulations, the portion of these episodes that falls within the 30-day allowance period should receive Medicare payment.

Under HH PPS, the partial episode payment (PEP) adjustment is the mechanism for paying for shortened periods of services.

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Requirements are being implemented that change Medicare systems to make PEP payments for HH PPS episodes which begin prior to a provider's termination date and which end after the 30-day allowance period, and regulations allowing home health payments for 30 days after the date of termination can be found at 42 CFR 489.55.

Implementation

The Implementation Date for these changes is April 5, 2004.

Related Instructions

Information on payment procedures for terminated HHAs can be found in Chapter 10, Section 110.2. Revision 17 of the Medicare Claims Processing Manual. This chapter may be found at:

http://www.cms.hhs.gov/manuals/104_claims/clm104c10.pdf

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