



# CMS CY2023 Home Health Payment Update Final Rule

**William A. Dombi, Esq. President & CEO**  
**Mary K. Carr, RN, MPH Vice President for  
Regulatory Affairs**

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

1

Thank You to Our Sponsor

**RED-ROAD**

HEALTHCARE BUSINESS SOLUTIONS

2



## Medicare HH 2023 Final Rule

- CY 2023 Home Health Prospective Payment System Rate Update and..... Much More
- <https://public-inspection.federalregister.gov/2022-23722.pdf>
- \$125M expected spending increase
- 4.0% net inflation rate update
- \$35 million increase in outlier spending
- 3.925% PDGM Budget Neutrality Adjustment
- Maintains PDGM case mix model
  - Recalibrates all 432 case mix weights and LUPA thresholds
  - Institutes permanent 5% cap on negative wage index changes to reflect changes in workforce costs
  - Outlier FDL modified to 0.44 (increases # of outlier periods)
- Home Health Value Based Purchasing demo (HHVBP) expansion nationwide modified slightly
- QRP modified: OASIS expansion set for 2025

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

3



**TABLE 1: SUMMARY OF COSTS, TRANSFERS, AND BENEFITS**

Provision Description	Costs and Cost Savings	Transfers	Benefits
CY 2023 HH PPS Payment Rate Update		The overall economic impact related to the changes in payments under the HH PPS for CY 2023 is estimated to be \$125 million (0.7 percent). The \$125 million increase in estimated payments for CY 2023 reflects the effects of the CY 2023 home health payment update percentage of 4.0 percent (\$725 million increase), an estimated 3.5 percent decrease that reflects the effects of the permanent behavioral adjustment (-\$635 million) and an estimated 0.2 percent increase that reflects the effects of an updated FDL (\$35 million increase).	To ensure that home health payments are consistent with statutory payment authority for CY 2023.
HH QRP	The total costs beginning in CY 2025 is an estimated \$267,157,680 based upon the collection of OASIS data on all patients, regardless of payer.		
Expanded HHVBP Model		The overall economic impact of the expanded HHVBP Model for CYs 2023 through 2027 is an estimated \$3.376 billion in total savings to FFS Medicare from a reduction in unnecessary hospitalizations and SNF usage as a result of greater quality improvements in the HH industry. As for payments to HHAs, there are no aggregate increases or decreases expected to be applied to the HHAs competing in the expanded Model.	
Medicare Coverage of Home Infusion Therapy		The overall economic impact of the statutorily-required HIT payment rate updates is an estimated increase in payments to HIT suppliers of 8.7 percent (\$600,000) for CY 2023 based on the CPL-U for the 12-month period ending in June of 2022 of 9.1 percent and the corresponding productivity adjustment is 0.4 percent.	To ensure that payment for home infusion therapy services are consistent with statutory authority for CY 2023.

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

4



## 2023 Final Payment Rates



- Base payment rates are increased by a net Market Basket Index of 4.0%
  - An annual inflation update of 4.1%
  - Reduced by a 0.1 Productivity Adjustment to net at 4.0%
- PDGM 7.85% Budget Neutrality Adjustment (BNA) applied at one-half or 3.925%

**TABLE 17: CY 2023 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT**

CY 2022 National Standardized 30-Day Period Payment	CY 2023 Permanent BA Adjustment Factor	CY 2023 Case-Mix Weights Recalibration Neutrality Factor	CY 2023 Wage Index Budget Neutrality Factor	CY 2023 HH Payment Update	CY 2023 National, Standardized 30-Day Period Payment
\$2,031.64	0.96075	0.9904	1.0001	1.040	\$2,010.69



## PDGM Budget Neutrality Adjustment

- **CMS maintained its proposed methodology**
  - NAHC believes that the methodology is noncompliant with Medicare law
  - CMS applied HHPPS-HHRG payment model to 2020 and 2022 claims
  - With PDGM-induced reductions in therapy services, HHPPS-HHRG model would have resulted in less spending than occurred under 2020 and 2021 PDGM
  - NAHC calculates an underpayment with a true budget neutrality analysis



## “Clawback” Risk

- The 6.85% rate adjustment is prospective only
- CMS calculated 2020 and 2021 overpayments
- No payment adjustments at this time are scheduled

TABLE 5: TOTAL TEMPORARY ADJUSTMENT FOR CYs 2020 AND 2021

CY 2020 Temporary Adjustment	CY 2021 Temporary Adjustment	Total Temporary Adjustment Dollar Amount for CYs 2020 and 2021
-\$873,073,121	-\$1,211,002,953	-\$2,084,076,074

© 2019 National Association for Home Care & Hospice

7

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

7



## 2023 Final LUPA Payment Rates

TABLE 19: CY 2023 NATIONAL PER-VISIT PAYMENT AMOUNTS

HH Discipline	CY 2022 Per-Visit Payment Amount	CY 2023 Wage Index Budget Neutrality Factor	CY 2023 HH Payment Update	CY 2023 Per-Visit Payment Amount
Home Health Aide	\$71.04	1.0007	1.040	\$73.93
Medical Social Services	\$251.48	1.0007	1.040	\$261.72
Occupational Therapy	\$172.67	1.0007	1.040	\$179.70
Physical Therapy	\$171.49	1.0007	1.040	\$178.47
Skilled Nursing	\$156.90	1.0007	1.040	\$163.29
Speech-Language Pathology	\$186.41	1.0007	1.040	\$194.00

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

8



## Final Inflation Update

- Final CY 2023 home health market basket update of 4.1 percent (3.3% proposed)
- based on IHS Global Inc.'s third-quarter 2022 forecast with historical data through second-quarter 2022
- reduced by a productivity adjustment, currently estimated to be 0.1 percentage point for CY 2023 (0.4% proposed)
- Net update percentage for CY 2023 is a 4.0 percent increase

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

9



## PDGM Case Mix Weights Recalibrated

- recalibrate annually the PDGM case-mix weights using a fixed effects model with the most recent and complete utilization data available at the time of annual rulemaking.
- reflect current home health resource use and changes in utilization patterns.
- used CY 2021 home health claims data with linked OASIS data updated from the proposed rule
- reflective of PDGM utilization and patient resource use for CY2023

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

10



## PDGM Case Mix Weights Recalibrated

- Under proposed recalibration:
  - 238 groups that experience a -5% to 0% change in case-mix weights
  - 183 groups that experience a 0% to +5% change in weights
  - 10 groups that experience a change between +5% and +10%
  - one group that experiences a 10% to 12% increase in weights
- changes to the PDGM case-mix weights are implemented in a budget neutral manner

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

11



## Area Wage Index Changes

- Beginning in CY 2023, CMS applies a permanent 5-percent cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline.
- a geographic area's wage index for CY 2023 would not be less than 95 percent of its final wage index for CY 2022, regardless of whether the geographic area is part of an updated CBSA
- for subsequent years, a geographic area's wage index would not be less than 95 percent of its wage index calculated in the prior CY
- if a geographic area's prior CY wage index is calculated based on the 5-percent cap, then the following year's wage index would not be less than 95 percent of the geographic area's capped wage index
- for example, if a geographic area's wage index for CY 2023 is calculated with the application of the 5-percent cap, then its wage index for CY 2024 would not be less than 95 percent of its capped wage index in CY 2023.

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

12



## LUPA

- All 432 LUPA thresholds have been subject to modification
- LUPA periods that occur as the only period of care or the initial 30-day period of care in a sequence of adjacent 30-day periods of care by the appropriate add-on factor
  - 1.8451 for SN
  - 1.6700 for PT
  - 1.6266 for SLP
  - OT same as PT until data becomes available
- Example: using the proposed CY 2023 per-visit payment rates for HHAs that submit the required quality data, for LUPA periods that occur as the only period or an initial period in a sequence of adjacent periods, if the first skilled visit is SN, the payment for that visit would be \$297.65 (1.8451 multiplied by \$161.32), subject to area wage adjustment.

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

13



## Outlier

- loss-sharing ratio of 0.80--- Medicare pays 80 percent of the additional estimated costs that exceed the outlier threshold amount
  - Using CY 2021 claims data (as of March 21, 2022)
  - statutory requirement that total outlier payments do not exceed 2.5 percent of the total payments
- proposing an FDL ratio of 0.35 for CY 2023 (down from 0.40)
- Results in an increase in outlier episodes
- CMS will update the FDL, if needed, when more complete CY 2021 claims data is available

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

14



## CY2023 Medicare Home Health Rule Action Plan

Three-track advocacy	Coordinated submission of comments and recommendations on the proposed rule	Congressional action	Legal action
<ul style="list-style-type: none"> <li>• Coordinated submission of comments and recommendations on the proposed rule</li> <li>• Congressional action</li> <li>• Legal action</li> </ul>	<ul style="list-style-type: none"> <li>• Market Basket Index update</li> <li>• Case mix weight recalibration</li> <li>• Budget neutrality evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• CMS and White House input</li> <li>• Legislation to "pause" cut: HR 8581; S 4605</li> <li>• Negotiate with CMS on alternative budget neutrality methodology?</li> </ul>	<ul style="list-style-type: none"> <li>• Medicare law requires CMS reconcile "assumed" behavioral changes to "actual" changes</li> <li>• CMS applied pre-PDGM payment model to 2020 PDGM-changed service behavior</li> </ul>

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

15



## Telecommunications Data

- **Finalized to capture telecommunications on claims**
- **New G-codes**
  - Real-time two-way audio-visual technologies
  - Audio only technologies, including telephone
  - Remote monitoring
- **Voluntary January 1, 2023**
- **Required July 1, 2023**
- **Further program instructions to be issued**

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

16





## HH QRP

- **Finalized collecting and reporting OASIS data on all patients**
- **Proposed to begin for CY 2025 HH QRP – January 1, 2024-June 30, 2024**
- **Finalized begin for CY 2027 HH QRP - July 1, 2025-June 30, 2026**
- **May begin reporting Jan 1, 2025-June 30, 2025**
- **Normal exceptions apply (<18, maternity, etc.)**

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

17



## HH QRP

- **Codifying into regulation the 8 measure removal factors**
- **Finalized in the CY 2019 final HHPPS rate update rule**

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

18



## HH QRP-Health Equity

### Summarized Comments on Request for Information: Health Equity in the HH QRP

- Sought input on five questions related advancing health equity in home health.
- Sought input on adopting a composite structure measure - three domains for reporting.
  - Broad support for incorporating health equity into the HHQRP
  - Some concerns

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

19



## HHVBP

- **Revise definition for “baseline year” to clarify improvement threshold is the HHA baseline and the achievement threshold is the model baseline**
- **Proposed and finalized to change baseline year for new and existing HHA**
  - Existing HHA to use 2022 for 2023 reporting rather than 2019.
  - New agencies will vary depending on enrollment year
- **Summary of comments - a future approach to health equity in the expanded HHVBP model**
  - Mixed comments – support, concerns, and recommendations

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE

20



## Home Infusion Therapy Services

- Rates are annually adjusted by the percent increases in the CPI.
- Productivity adjustment
- Adjusted by the geographic adjustment factor (GAF)
- Inputs based on final physician fee schedule
- Posted on the HIT website when available
- Going forward updates in a change request

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE