Eli's Rehab Report

Home Health: Beware Medical Review Under Changing Therapy Threshold

Here's what to do now about the proposed therapy changes

On Jan. 1, you'll say goodbye to the 10-visit therapy threshold and hello to a much more complex reimbursement mechanism for therapy visits. And if you're not careful, you could also be saying hello to fraud and abuse charges for therapy utilization changes, experts say.

The Centers for Medicare & Medicaid Services has proposed a major change to the therapy threshold as part of its prospective payment system refinements rule issued April 27 and published in the May 4 Federal Register. CMS wants to do away with the 10-visit therapy threshold and use a staggered six-, 14- and 20-visit threshold instead.

And CMS proposes even further payment differences for individual therapy visits within the six-to-13 and 14- to-19 visit case mix categories, said consultant **Mark Sharp** in a May 17 Eli Research-sponsored audioconference on the PPS changes. That means agencies will receive more payment for every visit from six to 19, said Sharp, with BKD in Springfield, Mo.

Clarification: "Unlike the existing model, the proposed new case mix adjustment model does not lend itself to a simple explanation of the 'bonus' payment for reaching the therapy thresholds," the National Association for Home Care and Hospice explains in a rule summary for members. Therefore, "it is not feasible to compare the difference between today's increase in payment at 10 therapy visits with the proposed increase at 14 visits," NAHC says.

See if You're at Risk

Agencies that currently have a wide distribution of therapy visits will have less financial and compliance risk under the revised PPS, says consultant and therapist **Cindy Krafft** with UHSA in Atlanta. Those with an episode concentration in the 10-to-12 therapy visit range and very few in the seven-to-nine visit range are more likely to face financial hardships under the PPS revisions, Krafft says.

Gaming: CMS made the change because it thinks HHAs responded to current PPS reimbursement incentives--namely, the extra $2,000 or so received when a patient requires 10 or more therapy visits. Many HHAs will find themselves in financial or compliance trouble because of this behavior, Krafft says. "Agencies could have avoided the problem from the very beginning by not trying to manipulate practice to increase reimbursement," she tells TCI.

But utilization changes aren't solely due to "agencies following the dollars," Sharp said. New initiatives such as outcomes-based quality improvement (OBQI) and Home Health Compare public reporting encourage increased therapy utilization. "All these things actually created a reason to get more therapy involved in our home health services," he said.

Fraud and Abuse Charges Threaten HHAs

The HHS Office of Inspector General has been targeting HHA therapy utilization for scrutiny under current PPS, says Burtonsville, Md.-based attorney **Elizabeth Hogue**.

And former intermediary auditor **Tom Boyd** is surprised intermediary medical reviewers haven't conducted more therapy episode audits under the current PPS, he says. Authorities will now be on the lookout for agencies to suddenly change therapy utilization in response to the proposed or final PPS therapy changes. "Now HHAs that were doing 10 to 11 visits have a problem because an increase to hit 14 should cause medical review," says Boyd, consultant with Rohnert

Park, Calif.-based Boyd & Nicholas. So will a decrease to six visits, he says.

"If agencies try to turn [therapy utilization] on a dime, they are going to attract the attention of Medicare," Krafft says. "I think that is an intended impact of the changes."

And CMS and intermediaries won't be the only ones on your trail. The OIG will likely continue its close inspection of therapy under the PPS refinements, Hogue says.

Danger zone: "If agencies modify their practice patterns measurably in response to changes in reimbursement, there are likely to be dire consequences," Hogue says. "If it appears that utilization has increased in order to receive higher payments, it will be like a 'slam dunk' for fraud enforcers."

Hidden threat: HHAs that try to change therapy utilization drastically will also risk alienating their employees, Krafft says. "Staff are going to be confused and frustrated."

What to Do Now

Although the PPS refinements are still only proposed, you can be certain the therapy threshold change will become final in some similar form, experts say. Here's what to do now to prepare for the change and safeguard against reimbursement and compliance risks:

• **Assess your current utilization.** "Agencies need to look at the distribution of therapy visits," Krafft says. Your therapy visits should be pretty evenly distributed over the utilization spectrum.

• **Educate staff.** If you find gaps in your therapy utilization, particularly in the seven-to-nine-visit range, address the problem as soon as possible, Krafft says. "I am not suggesting making anything mandatory," she says. Instead, "really talk with the staff about the new system and why your practice has to be focused on what the patient needs and NOT on the number of visits." When staff start focusing their practice on patients and not utilization, "the distribution is there," she says.

• **Monitor utilization.** Wide swings in therapy visit numbers are bound to bring increased scrutiny to your agency. "Undoing questionable practice patterns is a real issue between now and Jan. 1," Krafft says.

And the inspection will only heat up once PPS reforms actually hit. "Agencies should be very careful to monitor utilization after new changes are effective," Hogue says. The monitoring should "help ensure that utilization with regard to similar diagnoses does not increase substantially."