

Eli's Rehab Report

Home Health: Brace for Therapy Scrutiny Under PPS Changes

Even a 6-visit threshold has chance for abuse

Get ready for a complete overhaul of how therapy affects your home health agency's PPS payments.

Under the finalized prospective payment system refinements, home health agencies will see a change from the current 10-visit threshold for therapy to a three-tiered threshold at 6, 14 and 20 visits. The system will include so-called "smoothing" payments in between those levels.

The three therapy tiers included in the Aug. 22 final rule are the same as those proposed back in April, says **Cindy Krafft, MS, PT, COS-C**, consultant with Fazzi Associates in Northampton, Mass.

But payment for the different case mix levels for therapy varies slightly from the proposed rule, says consultant **Mark Sharp** with BKD in Springfield, Mo.

Calculate Your Therapy Payments

CMS doesn't spell out what the pay differences are for the numbers of therapy visits. But you can deduce that information from Tables 4 and 5 in the final rule, Sharp tells Eli.

First, you have to know whether the patient is in an early (first or second) episode or a later (third or later) one. Then you can look up which "Service" level the episode falls into based on number of therapy visits. CMS cut the OASIS item on prior inpatient stays, M0175, from case mix consideration, so therapy is now the only item that determines the "S" level in the CxFSx home health resource group, Sharp says.

Example: An early episode with six visits is an S2 level, according to the therapy level chart on p. 49825 of the final rule in the Aug. 29 Federal Register. You can then look up S2 in Table 4 on p. 49826 and see that it adds \$608.54 to the PPS base rate for the episode. (See the chart on page 92 for a list of how much each therapy visit adds to the base rate.) Be sure to look in the 1st and 2nd episode category, not the later episode category.

With the base rate at \$1,322.84 for early episodes, the added therapy payment for S2 brings that total to \$1,931.39 for C1F1S2, according to Table 5 on p. 49828 of the FR final rule. If the Clinical and Functional domains go up, the total episode payment still increases by \$608.54 for the six therapy visits, Sharp says.

Will 6, 14 Visits Become the New 10?

The risk of gaming the system is certainly less than the current 10-visit therapy threshold. In fact, payment increases for therapy get smaller as the number of therapy visits goes up, Krafft says. "There is a deceleration in the payment in order to decrease the incentive to just do more visits," she says.

Gaming risk: But the industry is still going to face some pretty compelling incentives to furnish more therapy visits,

Sharp says. The most common will be the more-than \$600 for the six-visit threshold in early episodes. While it's not the \$2,000 pay bump for hitting the current 10-visit threshold, "that's still a pretty darn big incentive," Sharp says.

In later episodes, it's even more pronounced, with a nearly \$800 pay increase for reaching six visits (see chart, p. 92). And "there will be gaming opportunities for those that want to do that," Sharp says.

Visit-over-visit payment rates will also encourage agencies to furnish more therapy visits. How it works: Agencies get paid more for each few visits between seven and 19 visits. For example, agencies get \$263 added to their payment episode if they furnish 16 therapy visits rather than 15. Unscrupulous HHAs may ask, "Why stop at nine, why not just go to 10 visits?" Sharp says.

The financial incentive to provide more therapy visits means CMS will be watching agencies like a hawk to detect abuse of the new therapy-related reimbursement, experts predict. That translates to lots of medical review of therapy, says consultant **Melinda Gaboury** with Health-care Provider Solutions in Nashville, Tenn. "It's going to be wild," she says.

Hot spots: Expect medical-necessity edits from your intermediary and possible scrutiny from Program Safeguard Contractors, Sharp says. Claims with six to eight therapy visits will be most likely to wind up in review, because the associated dollar amounts recouped if the visits are denied will be highest, he says.

And federal authorities like the OIG are likely to continue to focus on the area for investigation, experts say.

What Will Happen to Therapy Utilization

Experts are split on what they expect to see happen to therapy utilization when the PPS revisions hit Jan. 1. Sharp predicts utilization will go down slightly with the big 10-visit payment bonus out of the picture and a new six-visit pay bump in place. "There will still be those [agencies] out there that will inappropriately game the system to have six," he says.

Gaboury thinks utilization numbers will climb as agencies that used to regularly furnish 10 to 12 visits try to up that average to 14 to hit the new threshold. "I totally expect to see more visits for therapy," she tells Eli. HHAs can expect heavy medical review for episodes trying to exceed that threshold, since CMS explicitly says in the rule that denying visits at that level is easier than at the 10-visit level.

Best-case scenario: Krafft hopes therapy utilization will spread out. Instead of being bunched around the 10-visit mark, therapy visits will be distributed more evenly over the entire spectrum, thanks to the varied incentives under the PPS revisions, she says. "I expect there will be a shift in the peak that is currently at 10 to 13 that will move some of those cases either upward or downward," she says. That will "better reflect patient need than a response to the threshold."

Note: The final rule is at <http://www.cms.hhs.gov/quarterlyproviderupdates/downloads/cms1541fc.pdf>.

Learn more about the PPS therapy changes from Krafft in an Eli-sponsored audioconference. Sign up at http://www.audioeducator.com/industry_conference.php?id=477.