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Home Health ICD-9/ICD-10 Alert

Home Health Reimbursement: Prepare for Fewer Case Mix Codes in 2014

Watch for edits on claims with "inappropriate" diagnosis codes.

Case mix points mean greater reimbursement for your home health claims. But the **Centers for Medicare & Medicaid Services** (CMS) thinks these revenue-generating diagnoses also lead to overpayments. As a result, the newly announced proposed home health prospective payment system seeks to axe a wide swath of codes from the case mix list.

CMS' "clinical staff along with clinical and coding staff from **Abt Associates** (our support contractor) and **3M** (our HH PPS grouper maintenance contractor), recently completed a thorough review of the ICD-9-CM codes included in our HH PPS Grouper," CMS explains in the home health prospective payment system proposed rule published in the July 3 Federal Register. "As a result of that review, we identified two categories of codes, made up of 170 ICD-9-CM diagnosis codes, which we are proposing to remove from the HH PPS Grouper, effective January 1, 2014."

First category: CMS wants to cut codes that are "'too acute,' meaning that this condition could not be appropriately cared for in a HH setting," the agency explains in the rule. CMS believes the codes "likely reflect conditions the patient had prior to the HH admission (for example, while being treated in a hospital setting)" and "the condition progressed to a less acute state, or is completely resolved for the patient to be cared for in the home setting." More likely, "another diagnosis code would have been a more accurate reflection of the patient's condition in the home," CMS concludes.

Examples of this far larger category include certain codes for conditions ranging from diabetes to ulcers to diverticulosis.

Second category: CMS proposes to cut codes for conditions that "would not require HH intervention, would not impact the HH plan of care (POC), or would not result in additional resource use when providing HH services to the patient," it says.

Examples of this smaller category include esophageal reflux (530.81) and "organic writer's cramp" (333.84).

Resource: See a list of all 170 codes in the rule on pp. 7-9 of the PDF at www.gpo.gov/fdsys/pkg/FR-2013-07-03/pdf/2013-15766.pdf.

"The inclusion of these diagnosis codes in the grouper was producing inaccurate overpayments," CMS maintains in the rule. Removing the codes from the grouper brings down the case mix average in 2012 from 1.3517 to 1.3417.

"This will impact every home health agency," stresses financial services firm **Dixon Healthcare Solutions** on its website. "The actual impact will vary based on each agency's utilization of the 170 codes that will no longer receive points in the Home Health PPS Grouper Software," notes the Palm Bay, Fla.-based firm.

Home health agencies can submit comments to CMS on the proposed rule. Experts recommend including examples of patients that you have treated with many of the impacted diagnoses. Comments may be submitted by August 26 at www.regulations.gov/#!submitComment;D=CMS-2013-0140-0001.

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Other provisions in the PPS proposed rule for 2014 include:

- **ICD-10.** CMS has a number of changes in the works to accommodate the ICD-10 diagnosis code implementation in October 2014. That includes edits to make sure HHAs are using the new system correctly.

"To ensure additional compliance with ICD-10-CM Coding Guidelines, we will be adopting additional claims processing edits for all HH claims effective October 1, 2014," the agency warns. "HH claims containing inappropriate principal or secondary diagnosis codes will be returned to the provider and will have to be corrected and resubmitted to be processed and paid."

- **OASIS.** When ICD-10 reporting begins, "we anticipate that HHAs will be able to report all of the conditions included in the HH PPS Grouper as a primary or secondary diagnosis," CMS explains. "There will no longer be a need for any conditions to be reported in the payment diagnosis field because all of the ICD-10-CM codes included in our HH PPS Grouper will be appropriate for reporting as a primary or secondary condition."

Therefore, CMS plans on "retiring" Appendix D, also referred to as Attachment D, effective Oct. 1, 2014. "All necessary guidance for providers is provided in the ICD-10-CM Coding Guidelines," the agency says.

- **Reform and future cuts.** CMS is on track to submit a report to Congress in March 2014 that outlines home health payment reform options.

"Methods to revise the current HH PPS could include payment adjustments for services that involve either more or fewer resources, changes to reflect resources involved with providing HH services to low-income Medicare beneficiaries or Medicare beneficiaries residing in medically underserved area, and ways outlier payments could be revised to reflect costs of treating Medicare beneficiaries with high severity of illness," the agency says in the rule.

Further cuts: "Providers should be prepared that the resulting recommendations are likely to result in further reductions in payment," attorney **Robert Markette Jr.** with **Hall Render** in Indianapolis warns.

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