

## OASIS Alert

### OASIS News: NEW RATES AND DATES AFFECT 2005 EPISODE PAYMENTS

#### Payment increase does not happen October 1.

The **Centers for Medicare & Medicaid Services** has proposed lowering the threshold patients must exceed before qualifying for extra outlier payments under the prospective payment system. That will mean more episodes would qualify for the outlier payments, and those episodes that already qualify would see higher payments.

CMS wants to change the "fixed dollar loss" amount home health agencies must hit from 1.13 percent of the episode payment to 0.72 percent of the payment, the agency explains in its new PPS rule published in the June 2 Federal Register. PPS was designed for 5 percent of payments to go to outlier patients, but only about 3 percent of expenditures have gone toward outliers so far, CMS says.

After you take into account the 80 percent loss-sharing ratio, HHAs will see about an extra \$700 per outlier episode, estimates consultant **Mark Sharp** with **BKD** in Springfield, MO.

As required by the Medicare Modernization Act passed last December, HHA payment rates now will be updated on Jan. 1 instead of Oct. 1. The base payment rate for a 60-day episode will be \$2,268.70 starting in 2005. That reflects the 3.3 percent market basket index increase minus the 0.8 percent reduction mandated in MMA, to total a 2.5 percent increase over fiscal year 2004 rates. Rural agencies will receive a 5 percent add-on.

The PPS proposed rule is at [www.access.gpo.gov/su\\_docs/fedreg/a040602c.html](http://www.access.gpo.gov/su_docs/fedreg/a040602c.html). Comments on the regulation are due by Aug. 2.

1. **Agencies confused about when** the 14-day window for prior hospital stays begins when answering M0175 now have the definitive answer. CMS has posted a new provider education article instructing that the day of admission is day 0, the day before is day 1 and so on. Or you can use a calendar and look back to the same day of the week, two weeks prior to admission, CMS says. Or if you want to provide staff with a chart, CMS has furnished one that shows "the correct Day 14 for every day in a calendar year."

The chart and the rest of the article are at [www.cms.hhs.gov/medlearn/matters/mmarticles/2004/SE0410.pdf](http://www.cms.hhs.gov/medlearn/matters/mmarticles/2004/SE0410.pdf).

2. **The new hospital HHS Office of Inspector General guidance published** in the Federal Register June 8 includes a section reminding hospitals of their responsibility by law to provide patients with a choice of HHAs and to disclose any financial interest they have in agencies on the list they provide.

The guidance is at [www.access.gpo.gov/su\\_docs/fedreg/a040608c.html](http://www.access.gpo.gov/su_docs/fedreg/a040608c.html).

3. **CMS provided notice** in the May 18. Federal Register of proposed changes to hospital conditions of participation, including changes in discharge planning requirements. Under the proposed COPs, hospitals would be required to give a list of Medicare-participating HHAs that request to be listed to patients discharged to home care; document in the patient's medical record that the list was given to the patient; update the list annually and ensure its legibility; inform patients that they have a choice of post-acute providers; and disclose financial interest in HHAs on the list. The proposed COPs are at [www.access.gpo.gov/su\\_docs/fedreg/a040518c.html](http://www.access.gpo.gov/su_docs/fedreg/a040518c.html).

