

OASIS Alert

PPS Update: Use Secondary Diagnoses For Accurate Reimbursement

Higher payments bypass many agencies.

Would you like to have a snapshot of how some other agencies did in the first quarter of the new prospective payment system? Here's the answer to your wish.

Early findings from clients of **Outcome Concept Systems**, presented at the April **National Association for Home Care & Hospice's** March on Washington conference, already show changing patterns, said OCS' **Amanda Twiss**. For example, when comparing the average start of care case mix weight for the last quarter of 2007 with that of the first quarter of 2008, case mix weight increased from 1.37 to 1.43, an improvement of 4.6 percent, she said.

To calculate this result and those that follow, OCS used data from 120,000 records of 900 OCS clients, Twiss explained. Both 2007 and 2008 data is unadjusted by final claims, she added. "This is just a snapshot," Twiss reminded attendees, and the trends may not hold as the year progresses, adjusted claims may be very different, and reasons for the changes are not clear yet.

Winners And Losers Emerge

Other preliminary results include:

- **RAP reimbursement.** The average anticipated payment for quarter four of 2007 was \$3,200, while RAP reimbursement for the first quarter of 2008 was \$3,300 -- a 3 percent increase, Twiss reported. Many agencies have not done well, though. Agencies at the 50th percentile show that RAP reimbursement for the first quarter of 2008 declined 1.1 percent compared to the fourth quarter of 2007. This means at least 50 percent of agencies are finding their RAP reimbursement lower, she explained.

New way: The 2008 numbers include the extra reimbursement for non-routine supplies (see story, p. 53).

- **Therapy use.** The new system of therapy reimbursement is expected to cause changes in therapy use, Twiss said. And in some categories this change may be starting to show. In the fourth quarter of 2007, 40 percent of OASIS assessments predicted 10 or more therapy visits, but in the first quarter of 2008, 34 to 36 percent do, she said.

Two therapy ranges won't improve payment in 2008 -- 0 to 5 visits and 10 to 13 visits. In 2007, 55 to 58 percent of home health patients received zero to five therapy visits. In the first quarter of 2008, answers to M0826 predict 43 to 44 percent of patients will be in this lowest category. In 2007, 17 to 18 percent of patients received 10 to 13 therapy visits and in the first quarter of 2008, clinicians predict 19 to 20 percent will.

The ranges that pay more in 2008 -- 6 to 9 and 14+ -- may reflect the changing reimbursement, Twiss noted. In 2007 11 to 12 percent of patients received 6 to 9 therapy visits. In the first quarter of 2008, 15 to 18 percent are predicted to be in this range. Ten percent of patients received 14 to 20 therapy visits in 2007. But in 2008 clinicians predict 15 to 16 percent will be in this range.

- **Diagnosis codes.** Under the 2008 PPS, diagnosis codes have a much greater impact on case mix weight and reimbursement, Twiss pointed out. This is especially noticeable with secondary diagnoses, she noted.

This change shows up first as a more even distribution among diagnosis codes, Twiss reported. In comparison to 2007, in the first quarter of 2008 use of V54 (Other orthopedic aftercare) as a primary diagnosis decreased by 2 percent (from 11 to 9 percent) and use of V58 (Encounter for other and unspecified procedures and aftercare) as primary decreased by 3 percent (from 11 to 8 percent). And a primary diagnosis of 728 (Other disorders of muscles, ligaments and fascia) decreased from 5 percent to 3 percent.

The OCS results also show that the number of diagnoses per patient is increasing in 2008. And the data show that as the number of secondary diagnoses increases, the reimbursement per episode increases, Twiss reported.