

OASIS Alert

Prospective Payment System: Get Ready For Another Home Care PPS

First wave of OASIS changes begin.

Expect huge changes for your agency now that the **Centers for Medicare & Medicaid Services** has unveiled the final PPS rule.

CMS released the final Home Health Prospective Payment System Refinement and Rate Update for Calendar Year 2008 ("final rule") on Aug. 22 (see related stories, pages 84 and 86.) This rule will "cut Medicare payment rates [for home health care] by nearly 12 percent over the next four years," criticizes the **National Association for Home Care & Hospice** in its Aug. 23 press release. And despite other major changes to case mix, OASIS assessment, SCICs, LUPAs and supplies reimbursement, CMS kept the Jan. 1 implementation date the proposed rule contained.

Final Rule Highlights

The 437-page final rule includes industry comments and CMS responses on a wide variety of proposals. Home health agencies are concerned about the effect of the final rule on cash flow, software, OASIS forms, agency expenses, staff training and accessibility of home care to patients, experts say. Among the many changes included in the final rule are:

- **Therapy reimbursement.** CMS plans to implement the three therapy thresholds of 6, 14 and 20 therapy visits with graduated steps of increased payment between these thresholds, as outlined in the proposed rule. But the agency will increase the starting value for the marginal costs of going from six to seven therapy visits from \$36 to \$42, based on more current data (See Eli's OASIS Alert, Vol. 8, No. 8, page 72).
- **Quality improvement.** The final rule adds two new publicly reported quality measures in 2008 to the 10 already reported on Home Health Compare. These additional measures are "Emergent care for wound infections, deteriorating wound status" and "Improvement in status of surgical wounds."
- **Pressure ulcer staging.** CMS clarifies that it has revised the instructions for OASIS item M0460 that requires staging pressure ulcers. Instructions now "allow a wound to be staged if the bed of the wound is partially covered by necrotic tissue and if the presence of eschar does not obscure the depth of the tissue loss," the final rule states (See Eli's OASIS Alert, Vol. 8, No. 8, page 78).
- **Diagnosis coding.** In addition to the diagnosis codes added to the case mix list in the proposed rule, in the final rule CMS agreed to add series 414 codes (Other forms of chronic ischemic heart disease) -- other than 414.9, and revised code category 410 (Acute myocardial infarction) to comply with ICD-9 coding instructions. CMS deleted constipation and mild unspecified burns codes and also deleted acute stroke codes (430 - 437).

Major change: The final rule clarifies that home care diagnosis coding can no longer use any of the codes in the 430 to 437 series for coding strokes. "Agencies should use ICD-9-CM code category 438, Late Effects of Cerebrovascular Disease, for conditions occurring at any time after the onset of the acute stroke," CMS instructs.

- **Case mix creep.** CMS proposed in April a 2.75 percent cut per year for three years to compensate for the supposed "change in case mix not related to actual change in case mix." In addition the agency wants to add a fourth-year "case mix change adjustment" of 2.71 percent in 2011, the final rule states.
- **Low utilization payment adjustments.** CMS reduces the add-on amount for initial low utilization payment adjustment (LUPA) episodes from \$92.63 in the proposed rule to \$87.93 in the final rule.

- **Significant change in condition adjustment.** CMS confirms it will eliminate the SCIC payment adjustment of \$15.71 to the national standardized 60-day episode payment. This addresses "the apparent difficulty the industry had in interpreting when to apply the SCIC adjustment policy," CMS says.

Note: The final rule is at www.cms.hhs.gov/homehealthPPS/downloads/CMS-1541-FCdisplay.pdf. To have a copy emailed to you, contact Marian Cannell at marianc@eliresearch.com, with "Final PPS Rule" in the subject line.