

OASIS Alert

Prospective Payment System: Here's How To Cut Through The New Service Score Complexity

These equations don't require algebra.

Take this math refresher to understand the reimbursement impact of therapy use under the proposed PPS update.

Agencies may long for the good old days once they see how complex the new service domain calculations are, but there is some good news.

The calculations help match the therapy you provide with a fairer system of reimbursement, said physical therapist and consultant **Cindy Krafft** with Atlanta-based **UHSA** in her July 13 **Eli**-sponsored audioconference. Agencies that provide six to nine therapy visits will receive extra reimbursement under the new system, while they have to wait for 10 visits before "money drops from the sky" under the current system, she told listeners.

Two Steps Lead To The Crucial Equation

You must take two steps before you begin to calculate how the service component affects your reimbursement under the new therapy payment proposal, Krafft instructed:

Step 1. Determine which episode of care this is for the patient. Label the episode "early" or "later" using the new OASIS item M0110 (Episode timing: Is the Medicare home health payment episode for which this assessment will define a case mix group an "early" episode or a "later" episode in the patient's current sequence of adjacent Medicare home health payment episodes).

An early episode is a first or second adjacent episode and a later episode is a third or beyond adjacent episode.

Tip: Adjacent episodes are ones that occur with no more than a 60-day break between them, Krafft explained. But they don't necessarily have to be with the same home health agency, she warned.

"Agencies are really going to have to train their staff to get this answered accurately and develop a process to efficiently gather this information," consultant **Mark Sharp** with Springfield, MO-based **BKD** tells **Eli**. Also, agencies will have to be very careful in capturing the accurate episode count for those patients that have transferred from another agency, adding some administrative burden much like M0175, he adds.

The challenge: Many industry experts are concerned about the difficulties of determining whether an episode is early or later. But the **Centers for Medicare & Medicaid Services** has told the **National Association for Home Care & Hospice** that it plans to auto-adjust both upward and downward for the early/late episode information, NAHC reports. The downside is that erroneous labeling of an episode may mean agencies see payments taken back.

Step 2. Determine the total therapy visits for this episode. Instead of just worrying about 10 or more therapy visits, under the new system you will first need to know whether there are 13 or fewer visits, 14-19 visits or 20 or more visits.

Good news: The proposed rule requires fiscal intermediaries to automatically correct therapy projections and payment up or down at the end of the episode -- instead of just down.

Now Add The Two Steps

Like in math class, you're looking for the right equation. But the new case mix model has only four equations, which narrows your search.

The model uses these equations to provide a different number of points for the same primary diagnosis, Sharp explained in recent **Eli**-sponsored audio conference "2007 PPS Refinements: The Decade's Most Significant Changes To PPS." But they are also important in determining additional payment for therapy use:

- **Equation 1 = first or second episode + 0-13 therapy visits**
- Equation 2 = first or second episode + 14-19 therapy visits
- Equation 3 = third or later episode + 0-13 therapy visits
- Equation 4 = third or later episode + 14-19 therapy visits

Don't worry: If you're wondering what happened to episodes with 20 or more therapy visits, you're not alone. "This part of the model has given people fits," Krafft sympathized. But once you reach 20 therapy visits within an episode, "you've reached the maximum amount of reimbursement that is ever going to be added," she explained. It no longer matters which episode, so there is no need for an equation (to learn how to apply these equations, see related article below).