

OASIS Alert

Prospective Payment System: PREPARE FOR MAJOR PPS CHANGES

Therapy game players beware.

Everyone knows the M0825 high therapy payment structure is not long for this world--and its demise is getting closer.

The **Centers for Medicare & Medicaid Services** is considering major changes to the 10-visit high therapy threshold when it proposes prospective payment system refinements later this year, report attendees of a March 14 Technical Expert Panel meeting to review possible payment system changes.

Heads up: PPS contractor **Abt Associates** is researching a three-tier therapy threshold, which would increase reimbursement in graduated increments at six, 14 and 20 visits, **Laurence Wilson**, director of CMS' Chronic Care Policy Group announced at the NAHC meeting. Currently, home health agencies receive an extra \$1,800 per episode when therapy visits meet or exceed the 10-visit threshold.

The potential therapy change comes after vocal criticism from the **Medicare Payment Advisory Commission** and the **HHS Office of Inspector General** of HHAs' therapy utilization and PPS therapy incentives. CMS hopes to issue the proposed rule for these changes this year.

"There was general support for a three-tier therapy system" at the meeting, says attendee **Bob Wardwell** with the **Visiting Nurse Associations of America**. That's because "they were unable to come up with a better way to handle therapy."

TEP Addressed Other Problem Areas

- **Case mix inadequacy.** Of PPS' 80 Home Health Resource Groups, seven had negative margins and 15 had margins of more than 40 percent, Abt told TEP members. Abt is exploring options for refining case mix using the predictive power of diagnoses, both alone and in combination, **American Association for Homecare** says.
- **Payment adjustments.** Significant changes in condition, partial episode payments and presence of a caregiver are all being considered for changes. "The data would seem to provide a way to get out of SCICs and improve PEP payment ratios," Wardwell notes.