OASIS Alert

Reimbursement: Can Your FI Really PEP A LUPA?

The answer may surprise you.

In the prospective payment system reimbursement game, does a PEP trump a LUPA or vice versa?

The confusion over recoupment of partial episode payment (PEP) reimbursement missed by claims processing system errors (see OSA Vol. 4 No. 9, p. 88) has led many providers to worry about the relationship between PEPs and low utilization payment adjustments (LUPAs). And inaccurate information from regional home health intermediary **Cahaba GBA** hasn't helped.

Under PPS, a home care episode is paid as a PEP if the patient is discharged from the home health agency during the 60-day episode with treatment goals met and no anticipated need for home health services during the remainder of the episode, but then is readmitted to the same HAA before the 60 days end, the **Centers for Medicare & Medicaid Services** explains. It also occurs if the patient chooses to transfer to another HHA during the 60-day episode.

Reimbursement for a PEP is based on the number of days between the first billable service and the last billable service (covered days) in the PEP period. The total episode payment is divided by 60 and the resulting amount is multiplied by the number of covered days to determine the reimbursement amount.

But a LUPA is an episode claim with four or fewer visits, and payments for low utilization episodes are on a per-visit basis, using cost per-visit rates by discipline, explains RHHI **Associated Hospital Services** on its Web site. "Because of this payment process a LUPA that becomes a PEP does not have a change in provider reimbursement," AHS explains.

For example, if you admitted a patient who needed only three visits before being admitted to the hospital, and when discharged the patient moved out of your service area to be with family, you have a LUPA and will be paid by the visit, advises consultant **Melinda Gaboury** with **Healthcare Provider Solutions** in Nashville. Even if the patient is admitted to another home health agency before the original 60-day episode ends, your reimbursement remains the same.

Cahaba confirms this in its September 2003 Medicare Newsline, which corrects previously published information in which it had mistakenly stated that in a PEP'd LUPA the payment would change to the per-day rate rather than the per-visit rate.

The real impact of a PEP comes when an adjustment is made to an original claim containing five or more visits. This claim would have been paid as a full episode payment, but may be PEP'd to only a small portion of the 60 days. Here a PEP can easily cost an agency more than a thousand dollars, experts explain.