

OASIS Alert

Reimbursement: NRS Will Be Positive Once Agencies Adjust

OASIS answers determine nonroutine medical supplies payment.

You have a new source of additional episode reimbursement, but it is no longer automatic.

Old way: Before 2008, the **Centers for Medicare & Medicaid Services** included a supplies reimbursement of \$52.53 in all episodes, whether the agency reported supply costs or not. Therefore, many agencies never included supplies on claims for episodes in 2006 and 2007, according to operational consultant **Betty Gordon** with **Simione Consultants** in Westborough, MA.

New way: Starting in January 2008 CMS removed the NRS reimbursement from the episode payment and now pays it separately based on patient characteristics, Gordon reminded her audience at a session during the April **National Association for Home Care & Hospice's** March on Washington conference. This allows supplies reimbursement to more closely match agency costs, she said.

Seventy-six diagnosis codes can now trigger nonroutine medical supplies points, according to **Lynda Laff** with **Laff Associates** in Hilton Head, SC, speaking at an **Eli**-sponsored audioconference "A Closer Look at Supply Management in the 2008 PPS Era."

And eleven OASIS items are relevant to NRS reimbursement, Laff pointed out: M0230, M0240, M0250, M0450, M0470, M0474, M0476, M0488, M0520, M0540 and M0550.

The NRS payment is not based on what supplies you use or bill for a specific patient, says billing expert **M. Aaron Little** with **BKD** in Springfield, MO.

Instead, it is based on how you answer the underlying OASIS questions, he explained in his **Eli**-sponsored audioconference, "Crash Course: Crucial Lessons Your HHA Billing Staff Must Know For 2008."

Opportunity: Billing for nonroutine medical supplies is an important part of the episode reimbursement picture under the 2008 prospective payment system.

Billing tips: Agencies must report NRS on claims using two revenue codes, CMS instructs:

1. If an agency doesn't furnish supplies, it indicates that by putting the appropriate number in the fifth position of the HIPPS code.
2. If the agency did furnish supplies, the claim will include a letter in the fifth position of the HIPPS code. This claim also must include a line item for NRS and the related charges, CMS says. Regional home health intermediaries use edits to return noncompliant claims to providers for correction.

First Know What Routine Supplies Include

Be sure you don't bill for routine supplies, Laff warned. Routine supplies are "those supplies customarily used during the course of most home care visits. Routine supplies are usually included in the clinician's supplies and not designated for specific patients," Laff said, quoting CMS transmittal 277 from April 1996.

Examples: Routine supplies include thermometers, alcohol preps, cotton swabs, Band-Aids, non-sterile gloves, non-sterile applicators, infection control supplies and lab draw items, CMS says in the transmittal.

Comply With NRS Requirement

Nonroutine supplies are "those supplies needed to treat a patient's specific illness or injury in accordance with the physician's plan of care," CMS says in Chapter 7 of the Medicare Benefit Policy Manual. This would include items such as sterile gloves, IV supplies, blood glucose monitoring strips, catheters, ostomy bags and wound care supplies, CMS lists.

To be billed as NRS, the item must be directly identifiable to a specific patient, furnished at the direction of the patient's physician and specifically identified in the plan of care, according to the policy manual. In addition, the item's cost should be identifiable so it can be accumulated in a separate cost center and the agency must follow a consistent pricing practice for Medicare and non-Medicare patients receiving the item.

How to do it: Home health agencies should continue to use the definition in Chapter 7 to determine which wound care supply items should be reported separately as nonroutine supplies, regional home health intermediary **Ca-haba GBA** says in its December 2007 frequently asked questions.

Keep in mind: The additional payment for NRS is based on the severity level that results from the OASIS assessment, including diagnoses. It is based on patient characteristics, not on which supplies you use. And there is no NRS payment for low utilization payment adjustment (LUPA) episodes.

Don't miss: NRS payments are prorated for episodes with partial episode payments (PEPs), CMS says in May 16 Transmittal No. 1505.

Review Your Reporting Systems

Report supplies on HH PPS claims using revenue code 027x, says MLN Matters Article MM5776. Additionally, special instructions have allowed for the optional separate reporting of wound care supplies. You may identify wound care supplies on HH PPS claims using revenue code 0623, the article instructs.

To accurately bill for supplies, you need a process for tracking the items by patient, Gordon said. You also need a way to communicate to the biller that you provided NRS to the patient and how much the total NRS were for that patient. You must be able to consistently record NRS charges and get that information on the final claim.

Finally, concentrate on how to use supplies efficiently and effectively, Laff advised. This improves both clinical and financial performance, she stressed.

Note: CMS' Manual is at <http://www.cms.hhs.gov/manuals/Downloads/bp102c07.pdf>. Scroll to section 50.4.1.3. The Cahaba FAQs are at http://www.cahabagba.com/part_a/education_and_outreach/faq_hha_refine_billing.htm. For a breakdown of NRS points for each OASIS item and diagnosis code, go to Table 10B of the PPS final rule.

To order a CD of Lynda Laff's audioconference, go to http://www.audioeducator.com/industry_conference.php?id=826. For M. Aaron Little's audioconference, go to http://www.audioeducator.com/industry_conference.php?id=750.