

OASIS Alert

Reimbursement: Tally Your Potential Therapy Episode Pay

The upcoming changes to PPS will hit some agencies hard.

Looking at how the new prospective payment system would reimburse your most common therapy use levels can help you prepare for the cash flow changes many agencies will face.

Timeframe: The proposed payment changes for high therapy use in home health episodes should take effect at the beginning of next year, the **Centers for Medicare & Medicaid Services** says. And home health agencies shouldn't expect major changes in the proposed rule because CMS has a tight timeline for issuing a final rule 90 days in advance of the target Jan. 1 implementation date for PPS changes, notes former top CMS official **Bob Wardwell** with the **Visiting Nurse Associations of America**.

Silver lining: Although agencies that have a high percentage of episodes at or just above the 10 visit mark are likely to see a cash flow slump, those that often have higher or lower therapy numbers may be pleasantly surprised, says therapist and consultant **Cindy Krafft** with Atlanta-based **UHSA**.

For example, currently you receive no more reimbursement for making 20 visits than you do for making 10. But under the proposed PPS update, you will receive between \$2,300 and \$2,650 more for 20 visits than for 10, depending on whether the 10-visit episode is early or later, she illustrates.

Getting To The Service Score

The new service component of the case mix score will be limited to therapy use only and will no longer include the results of M0175 (From which inpatient facility was the patient discharged during the past 14 days), Krafft explained in her recent **Eli**-sponsored audioconference. And now instead of S0, S1, S2 and S3, the new payment system will have S1 through S5. But an S score can stand for a different number of therapy visits depending on which episode the patient is in (see chart, Generating the "S" Score).

Example: If the patient is in an early or later episode and has exactly six therapy visits -- Equations 1 or 3 -- the patient's service score will be S2. But if a patient is in a third or later episode -- Equations 2 or 4 -- and has 16 or 17 visits, the service score will also be S2. Instead of just using the S score in the home health resource group, the new payment system will combine the S score with the case mix equation to determine the reimbursement amount (see chart below: Impact of the "S" Score).

Example: Under the current prospective payment system, if you make 10 therapy visits in an episode, your reimbursement increases by between \$1,800 and \$2,200, calculates consultant **Karen Vance** with Springfield, MO-based **BKD**.

But under the new PPS service scoring, the amount of additional reimbursement depends on both the episode timing and the number of visits. Using the reimbursement information from the proposed PPS rule, Krafft calculates that 10 visits (S4) in an early episode will add about \$1,390 to the episode reimbursement and 10 visits in a later episode will add about \$1,520.

Before you panic: While both these amounts are lower than under the current payment system, other factors may

make up for that, Krafft notes. For instance, if you make seven visits under the current system, you incur extra therapy costs with no extra reimbursement. But under the new system, seven visits would result in additional reimbursement of about \$940 for an early episode and about \$1090 for a later episode.

