

OASIS Alert

Reimbursement: TEST EPISODE PROFITABILITY UNDER THE PROPOSED CASE MIX CHANGES

Use this chart to see if you'll be a winner or loser under the new PPS.

If math wasn't your strong suit in school, you might find yourself with some serious studying ahead to understand CMS' four-equation case mix model.

The **Centers for Medicare and Medicaid Services** outlines a new case mix model, in the recently released prospective payment system refinement proposed rule, to take into account the findings that third and later episodes require more resources and that therapy visits are an accurate predictor of service costs.

Beyond the basics: Retaining the three domains--clinical, functional and service utilization--but using four equations expands the number of home health resource group categories from 80 to 153. The four equations are:

- 1) First or second (early) episodes with fewer than 14 therapy visits;
- 2) First or second (early) episodes with more than 14 therapy visits;
- 3) Third or beyond (later) episodes with fewer than 14 therapy visits; and
- 4) Third or beyond (later) episodes with more than 14 therapy visits.

How The New Case Mix Works

Each equation would provide a different number of points for the same primary diagnosis, explained consultant **Mark Sharp** with Springfield, MO-based **BKD**, speaking at a May 17 **Eli**-sponsored audio conference "2007 PPS Refinements: The Decade's Most Significant Changes To PPS."

Example: A patient with a M0230 (Primary diagnosis) of diabetes would receive five points toward the HHRG score under equation one, 11 points under equation two, four points under equation three and eight points under equation four, Sharp explained. In contrast, under the current PPS system, having diabetes in M0230 would add 17 points to the HHRG.

There is no simple, straightforward way to calculate reimbursement levels under the proposed rule, says consultant **Lynda Laff** with **Laff Associates** in Hilton Head, SC.

3 key components: But once you have an HHRG score, know the number of therapy visits and have determined whether the episode is early or later, you can see what you would receive under the new calculations with the chart on p. 56.