



## Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2020

MLN Matters Number: MM11536 **Revised**

Related Change Request (CR) Number: 11536

Related CR Release Date: **November 22, 2019**

Effective Date: January 1, 2020

Related CR Transmittal Number: **R4466CP**

Implementation Date: January 6, 2020

**NOTE:** We revised this article on December 3, 2019, due to a revised Change Request (CR) which corrected the LUPA add-on factors in the 2020 record layout in manual Section 70.2. The transmittal number, CR release date and link to the transmittal also changed in the article. All other information remains the same.

### Provider Types Affected

This MLN Matters Article is intended for Home Health Agencies (HHAs) billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

### What You Need To Know

CR 11536 updates the CY 2020 60-day and 30-day base payment rates, the national per-visit amounts, Low-Utilization Payment Adjustment (LUPA) add-on amounts, the non-routine medical supply payment amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. In addition, this CR revises the initial payment percentage for both initial and subsequent 30-day periods of care under the split percentage payment approach for CY 2020. Make sure that your billing staffs are aware of these changes.

### Background

The Medicare HH Prospective Payment System (HH PPS) rates provided to HH agencies (HHAs) for furnishing HH services are updated annually as required by Section 1895(b)(3)(B) of the Social Security Act (the Act). The CY 2020 HH PPS rate update includes implementation of the Patient-Driven Groupings Model (PDGM), a revised case-mix adjustment methodology for HH services beginning on or after January 1, 2020.

The CY 2020 HH PPS rate update implements a change in the unit of payment from a 60-day episode of care to a 30-day period of care as required by Section 1895(b)(2)(B) of the Act, as amended by Section 51001(a)(1) of the Bipartisan Budget Act (BBA) of 2018. This rate update will increase the CY 2020 60-day and 30-day base payment rates by the appropriate rural add-on percentage prior to applying any case-mix and wage index adjustments, as required by Section 421(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), as amended by Section 50208(a) of the BBA of 2018.

Finally, in CY 2020, for existing HHAs (that is, HHAs certified for participation in Medicare with effective dates prior to January 1, 2019), the split-percentage payment will be reduced from the current 60/50 percent (dependent on whether the request for anticipated payment (RAP) is for an initial or subsequent period of care) to 20 percent in CY 2020 for all 30-day HH periods of care (both initial and subsequent periods of care).

Newly-enrolled HHAs (that is, HHAs certified for participation in Medicare effective on or after January 1, 2019), will not receive split-percentage payments for CY 2020 but are required to submit “no-pay” RAPs for all 30-day HH periods of care.

### **Market Basket Update**

Section 53110 of the BBA of 2018 amended Section 1895(b)(3)(B) of the Act, such that for HH payments for CY 2020, the HH payment update is required to be 1.5 percent. The multifactor productivity (MFP) adjustment is not applied to the BBA of 2018 mandated 1.5 percent payment update. Section 1895(b)(3)(B) of the Act requires that the HH payment update be decreased by 2 percentage points for those HHAs that do not submit quality data as required by the Secretary. For HHAs that do not submit the required quality data for CY 2020, the HH payment update would be -0.5 percent (1.5 percent minus 2 percentage points).

### **National, Standardized 60-Day Episode Payment and 30-Day Period Payment Amounts**

As finalized in the CY 2019 HH PPS final rule, the unit of HH payment will change from a 60-day episode to a 30-day period effective for those 30-day periods beginning on or after January 1, 2020. The standardized 60-day payment rate will apply to case-mix adjusted episodes (that is, not low-utilization payment adjustments (LUPAs)) beginning on or before December 31, 2019, and ending on or after January 1, 2020. As such, the latest date a 60-day crossover episode could end on is February 28, 2020. Those 60-day episodes that begin on or before December 31, 2019, but are LUPA episodes, will be paid the national, per-visit payment rates.

To determine the CY 2020 national, standardized 60-day episode payment rate for those 60-day episodes that span the implementation date of the PDGM and the change to a 30-day unit of payment, CMS applies a wage index budget neutrality factor of 1.0060 and the HH payment update percentage of 1.5 percent for HHAs that submit the required quality data and by 1.5 percent minus 2 percentage points, or- 0.5 percent for HHAs that do not submit the required quality data. These two episode payment rates are shown in Tables 1 and 2.

**Table 1 - CY 2020 NATIONAL, STANDARDIZED 60-DAY EPISODE PAYMENT AMOUNT**

<b>CY 2019 National, Standardized 60-Day Episode Payment</b>	<b>Wage Index Budget Neutrality Factor</b>	<b>CY 2020 HH Payment Update</b>	<b>CY 2020 National, Standardized 60-Day Episode Payment</b>
\$3,154.27	X 1.0060	X 1.015	\$3,220.79

**Table 2 - CY 2020 NATIONAL, STANDARDIZED 60-DAY EPISODE PAYMENT AMOUNT FOR HHAS THAT DO NOT SUBMIT THE QUALITY DATA**

<b>CY 2019 National, Standardized 60- Day Episode Payment</b>	<b>Wage Index Budget Neutrality Factor</b>	<b>CY 2020 HH Payment Update Minus 2 Percentage Points</b>	<b>CY 2020 National, Standardized 60-Day Episode Payment</b>
\$3,154.27	X 1.0060	X 0.995	\$3,157.33

To determine the CY 2020 national, standardized 30-day period payment rate beginning January 1, 2020, CMS applies a wage index budget neutrality factor of 1.0063 and the HH payment update percentage of 1.5 percent for HHAs that submit the required quality data and by 1.5 percent minus 2 percentage points, or -0.5 percent for HHAs that do not submit the required quality data. These two episode payment rates are shown in Tables 3 and 4.

**Table 3 - CY 2020 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT**

<b>CY 2019 30-day Budget Neutral (BN) Standard Amount</b>	<b>Wage Index Budget Neutrality Factor</b>	<b>CY 2020 HH Payment Update</b>	<b>CY 2020 National, Standardized 30-Day Period Payment</b>
\$1,824.99	X 1.0063	X 1.015	\$1,864.03

**Table 4 - CY 2020 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT FOR HHAS THAT DO NOT SUBMIT THE QUALITY DATA**

<b>CY 2019 National, Standardized 30-Day Period Payment</b>	<b>Wage Index Budget Neutrality Factor</b>	<b>CY 2020 HH Payment Update Minus 2 Percentage Points</b>	<b>CY 2020 National, Standardized 30-Day Period Payment</b>
\$1,824.99	X 1.0063	X 0.995	\$1,827.30

The payments for both the CY 2020 national, standardized 60-day episode payment rate and the CY 2020 national, standardized 30-day period payment rate are further adjusted by the individual episode's case-mix weight and by the applicable wage index.

#### **National Per-Visit Rates**

In order to calculate the CY 2020 national per-visit payment rates, CMS starts with the CY 2019 national per-visit rates. CMS applies a wage index budget neutrality factor of 1.0066 to ensure

budget neutrality for LUPA per-visit payments after applying the CY 2020 wage index. The per-visit rates are then updated by the CY 2020 HH payment update of 1.5 percent for HHAs that submit the required quality data and by 0.995 for HHAs that do not submit quality data. The per-visit rates are shown in Tables 5 and 6.

**Table 5 - CY 2020 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAS**

HH Discipline	CY 2019 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2020 HH Payment Update	CY 2020 Per-Visit Payment
Home Health Aide	\$66.34	X 1.0066	X 1.015	\$ 67.78
Medical Social Services	\$234.82	X 1.0066	X 1.015	\$239.92
Occupational Therapy	\$161.24	X 1.0066	X 1.015	\$164.74
Physical Therapy	\$160.14	X 1.0066	X 1.015	\$163.61
Skilled Nursing	\$146.50	X 1.0066	X 1.015	\$149.68
Speech-Language Pathology	\$174.06	X 1.0066	X 1.015	\$177.84

**Table 6 - CY 2020 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAS THAT DO NOT SUBMIT THE REQUIRED QUALITY DATA**

HH Discipline	CY 2019 Per-Visit Rates	Wage Index Budget Neutrality Factor	CY 2020 HH Payment Update Minus 2 Percentage Points	CY 2020 Per-Visit Rates
Home Health Aide	\$66.34	X 1.0066	X 0.995	\$66.44
Medical Social Services	\$234.82	X 1.0066	X 0.995	\$235.19
Occupational Therapy	\$161.24	X 1.0066	X 0.995	\$161.49
Physical Therapy	\$160.14	X 1.0066	X 0.995	\$160.39
Skilled Nursing	\$146.50	X 1.0066	X 0.995	\$146.73
Speech- Language Pathology	\$174.06	X 1.0066	X 0.995	\$174.33

### **Non-Routine Supply Payments**

Payments for non-routine supplies (NRS) are computed by multiplying the relative weight for a particular NRS severity level by an NRS conversion factor. In CY 2020, the NRS payment amounts apply to only those 60-day episodes that begin on or before December 31, 2019, but span the implementation of the PDGM and the 30-day unit of payment on January 1, 2020 (ending in CY 2020, on or before February 28, 2020). Under the PDGM, NRS payments are

included in the 30-day base payment rate. To determine the CY 2020 NRS conversion factors, CMS updates the CY 2019 NRS conversion factor by the CY 2020 HH payment update of 1.5 percent for HHAs that submit the required quality data and by 0.995 for HHAs that do not submit quality data. CMS does not apply any standardization factors as the NRS payment amount calculated from the conversion factor is neither wage nor case-mix adjusted when the final payment amount is computed. The NRS conversion factor for CY 2020 payments for HHAs that do submit the required quality data is shown in Table 7. The payment amounts for the various NRS severity levels are shown in Table 8. The NRS conversion factor for CY 2020 payments for HHAs that do not submit quality data is shown in Table 9 and the payment amounts for the various NRS severity levels are shown in Table 10.

**Table 7- CY 2020 NRS CONVERSION FACTOR**

<b>CY 2019 NRS Conversion Factor</b>	<b>CY 2020 HH Payment Update</b>	<b>CY 2020 NRS Conversion Factor</b>
\$54.20	X 1.015	\$55.01

**Table 8 - CY 2020 NRS PAYMENT AMOUNTS**

<b>Severity Level</b>	<b>Points (Scoring)</b>	<b>Relative Weight</b>	<b>CY 2020 NRS Payment Amounts</b>
1	0	0.2698	\$14.84
2	1 to 14	0.9742	\$53.59
3	15 to 27	2.6712	\$146.94
4	28 to 48	3.9686	\$218.31
5	49 to 98	6.1198	\$336.65
6	99+	10.5254	\$579.00

**Table 9 - CY 2020 NRS CONVERSION FACTOR FOR HHAS THAT DO NOT SUBMIT THE REQUIRED QUALITY DATA**

<b>CY 2019 NRS Conversion Factor</b>	<b>CY 2020 HH Payment Update Percentage Minus 2 Percentage Points</b>	<b>CY 2020 NRS Conversion Factor</b>
\$54.20	X 0.995	\$53.93

**Table 10 - CY 2020 NRS PAYMENT AMOUNTS FOR HHAS THAT DO NOT SUBMIT THE REQUIRED QUALITY DATA**

Severity Level	Points (Scoring)	Relative Weight	CY 2020 NRS Payment Amounts
1	0	0.2698	\$ 14.55
2	1 to 14	0.9742	\$ 52.54
F3	15 to 27	2.6712	\$ 144.06
4	28 to 48	3.9686	\$ 214.03
5	49 to 98	6.1198	\$ 330.04
6	99+	10.5254	\$ 567.63

**Rural Add-On Provision**

In the CY 2019 HH PPS final rule (83 FR 56443), CMS finalized policies for the rural add-on payments for CY 2019 through CY 2022, in accordance with section 50208 of the BBA of 2018. The CY 2019 HH PPS proposed rule (83 FR 32373) described the provisions of the rural add-on payments, the methodology for applying the new payments, and outlined how CMS categorized rural counties (or equivalent areas) based on claims data, the Medicare Beneficiary Summary File and Census data.

CY 2020 HH PPS payments will be increased by 0.5 percent when services are provided to beneficiaries who reside in rural counties and equivalent areas in the "High utilization" category. CY 2020 HH PPS payments will be increased by 3.0 percent when services are provided to beneficiaries who reside in rural counties and equivalent areas in the "Low population density" category. CY 2020 HH PPS payments will be increased by 2.0 percent when services are provided to beneficiaries who reside in rural counties and equivalent areas in the "All other" category.

The HH PRICER module, located within the CMS claims processing system, will increase the final CY 2020 60-day and 30-day base payment rates by the appropriate rural add-on percentage prior to applying any case-mix and wage index adjustments.

**Outlier Payments**

The fixed dollar loss (FDL) ratio and the loss-sharing ratio used to calculate outlier payments must be selected so that the estimated total outlier payments do not exceed the 2.5 percent aggregate level (as required by section 1895(b)(5)(A) of the Act). Historically, CMS has used a value of 0.80 for the loss-sharing ratio which CMS believes, preserves incentives for agencies to attempt to provide care efficiently for outlier cases. With a loss-sharing ratio of 0.80, Medicare pays 80 percent of the additional estimated costs above the outlier threshold amount. No changes were made to the loss-sharing ratio of 0.80 for CY 2020.

For CY 2020, the FDL ratio for 60-day episodes that span the implementation date of the PDGM will remain 0.51. The FDL ratio for 30-day periods of care in CY 2020 is 0.56. In the CY 2017 HH PPS final rule (81 FR 76702), CMS finalized changes to the methodology used to calculate outlier payments, using a cost-per-unit approach rather than a cost-per-visit approach. This

change in methodology allows for more accurate payment for outlier episodes, accounting for both the number of visits during an episode of care and also the length of the visits provided. Using this approach, CMS now converts the national per-visit rates into per 15-minute unit rates. These per 15-minute unit rates are used to calculate the estimated cost of an episode to determine whether the claim will receive an outlier payment and the amount of payment for an episode of care. The cost-per-unit payment rates used for the calculation of outlier payments are in Table 11.

**Table 11 - COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS**

HH Discipline	Average Minutes Per-Visit	For HHAs that DO Submit the Required Quality Data		For HHAs that DO NOT Submit the Required Quality Data	
		CY 2020 Per-Visit Payment	Cost-per-unit (1 unit=15 minutes)	CY 2020 Per-Visit Payment	Cost-per-unit (1 unit=15 minutes)
Home Health Aide	63.0	\$ 67.78	\$16.14	\$66.44	\$15.82
Medical Social Services	56.5	\$239.92	\$63.70	\$235.19	\$62.44
Occupational Therapy	47.1	\$164.74	\$52.46	\$161.49	\$51.43
Physical Therapy	46.6	\$163.61	\$52.66	\$160.39	\$51.63
Skilled Nursing	44.8	\$149.68	\$50.12	\$146.73	\$49.13
Speech- Language Pathology	48.1	\$177.84	\$55.46	\$174.33	\$54.36

### **Split Percentage Payment**

Medicare makes a split percentage payment for most HH PPS episodes/periods. The first payment is in response to a Request for Anticipated Payment (RAP), and the last in response to a claim. Added together, the first and last payment equals 100 percent of the permissible payment for the episode. The current split percentage payments are 60/40 (for initial episodes of care) and 50/50 (for subsequent episodes of care).

For CY 2020, the split-percentage payment for existing HHAs will be reduced to 20 percent in CY 2020 for all 30-day HH periods of care (both initial and subsequent periods of care).

In the CY 2019 HH PPS final rule (83 FR 56628), CMS finalized that newly-enrolled HHAs, that is HHAs certified for participation in Medicare effective on or after January 1, 2019, will not

receive split-percentage payments beginning in CY 2020. HHAs that are certified for participation in Medicare effective on or after January 1, 2019, will still be required to submit a “no pay” Request for Anticipated Payment (RAP) at the beginning of a period of care in order to establish the HH period of care, as well as every 30 days thereafter.

## More Information

The official instruction, CR11536, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r4466cp>.

Read MLN Matters Article [MM12957](#) for current information on the rural add-on.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

## Document History

Date of Change	Description
January 9, 2023	We revised the Article to add a link to MM12957 for current information on the rural add-on. All other information is the same.
December 3, 2019	We revised this article due to a revised CR which corrected the LUPA add-on factors in the 2020 record layout in manual Section 70.2. The transmittal number, CR release date and link to the transmittal also changed in the article. All other information remains the same.
November 12, 2019	Initial article released.

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