

CHAPTER 12  
ADDENDUM L (CY 2009)

**ANNUAL HHA PPS RATE UPDATES - CALENDAR YEAR 2009**

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(Final payment amounts per 60-day episodes ending on or after January 1, 2009 and before January 1, 2010 - Continuing Calendar Year (CY) update.)

Home Health Agency Prospective Payment System (HHA PPS) - Determination of Standard HHA PPS

Section 1895(b)(3)(B) of the Act, as amended by section 5201 of the Deficit Reduction Act (DRA), requires for CY 2009 that the standard prospective payment amount be increased by a factor equal to the applicable home health market basket update for HHAs.

**National 60-Day Episode Payment Amounts - CY 2009**

In order to calculate the CY 2009 national standardized 60-day episode, the CY 2008 national standardized 60-day episode payment of \$2,270.32 was increased by the home health market basket update of 2.9% and then reduced by 2.75% to account for the change in case-mix that is not related to the real change in patient acuity levels as reflected in [Figure 12-L-2009-1](#):

**FIGURE 12-L-2009-1 NATIONAL 60-DAY EPISODE AMOUNTS UPDATED BY THE HOME HEALTH MARKET BASKET UPDATE FOR CY 2009, BEFORE CASE-MIX ADJUSTMENT, WAGE INDEX ADJUSTMENT BASED ON SITE OF SERVICE FOR THE BENEFICIARY**

Total CY 2008 National Standardized 60-Day Episode Payment Rate	Multiply by the Home Health Market Basket Update (2.9%)	Updated National Standardized 60-day Episode Payment	Reduced by 2.75% for Nominal Change in Case-Mix	CY 2009 National Standardized 60-day Episode Payment
\$2,270.32	x 1.029	\$2,336.16	x 0.9725	\$2,271.92

**National Per-Visit Amounts Used to Pay Low Utilization Payment Adjustments (LUPAs) and Compute Costs of Outlier - CY 2009**

The CY 2009 national per-visit amounts were calculated by multiplying the CY 2008 per-visit amounts for each home health discipline by the home health market basket update of 2.9% as

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reflected in [Figure 12-L-2009-2](#):

**FIGURE 12-L-2009-2 NATIONAL PER-VISIT AMOUNTS FOR LUPAs (NOT INCLUDING THE INCREASE IN PAYMENT FOR A BENEFICIARY'S ONLY EPISODE OF THE INITIAL EPISODE IN A SEQUENCE OF ADJACENT EPISODES) AND OUTLIER CALCULATION UPDATED BY THE HOME HEALTH MARKET BASKET UPDATE FOR CY 2009, BEFORE WAGE INDEX ADJUSTMENT BASED ON THE SITE OF SERVICE FOR THE BENEFICIARY**

Home Health Discipline	CY 2008 Per-Visit Payment	Multiply by Home Health Market Basket Update (2.9%)	CY 2009 Per-Visit Payment
Home Health Aide	\$47.51	x 1.029	\$48.89
Medical Social Services	168.17	x 1.029	173.05
Occupational Therapy	115.48	x 1.029	118.83
Physical Therapy	114.71	x 1.029	118.04
Skilled Nursing	104.91	x 1.029	107.95
Speech-Language Pathology	124.65	x 1.029	128.26

**Payment of LUPA Episodes**

Payment for LUPA episodes changed in CY 2008 in that for LUPAs that occur as initial episodes in a sequence of adjacent episodes or as the only episode, an additional payment amount is added to the LUPA payment. The [Figure 12-L-2009-2](#) per-visit rates noted above are before that additional payment is added to the LUPA payment, and are the per-visit rates paid to all other LUPA episodes and used in computing outlier payments. LUPA episodes that occur as the only episode or initial episode in a sequence of adjacent episodes are adjusted by adding an additional amount to the LUPA payment before adjusting for wage index. For CY 2008, that amount was \$87.93. This additional LUPA amount is updated in the same manner as the national standardized 60-day episode payment amount and the per-visit rates (i.e., by the home health market basket percentage update). Consequently, for CY 2009, the additional amount paid to LUPAs that occur as initial episodes in a sequence of adjacent episodes or as the only episode is \$90.48 (\$87.93 x 1.029).

**Severity Non-Routine Medical Supplies (NRS) System**

Beginning in CY 2008, to ensure that the variation in NRS is more appropriately reflected in the HH PPS, the original portion (\$49.62) of the HH PPS base rate that accounted for NRS, was replaced with a system that pays for NRS based on six severity groups. Payments for NRS are updated by the home health market basket and reduced by the 2.75% reduction in the rates through the updating of the NRS conversion factor. NRS payments are computed by multiplying the relative weight for a particular severity level by the NRS conversion factor. The NRS conversion factor for CY 2009 is \$52.29 (52.35 x (1.029 x (1 - 0.0275))). The payment amounts for the various severity levels based on the updated conversion factor are calculated in [Figure 12-L-2009-3](#):

**FIGURE 12-L-2009-3 RELATIVE WEIGHTS FOR THE SIX-SEVERITY NRS SYSTEM**

Severity Level	Points (Scoring)	Relative Weight	NRS Payment Amount
1	0	0.2698	\$14.13

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**FIGURE 12-L-2009-3 RELATIVE WEIGHTS FOR THE SIX-SEVERITY NRS SYSTEM (CONTINUED)**

Severity Level	Points (Scoring)	Relative Weight	NRS Payment Amount
2	1 to 14	0.9742	51.04
3	15 to 27	2.6712	139.94
4	28 to 48	3.9686	207.91
5	49 to 98	6.1198	320.62
6	99+	10.5254	551.43

