

CHAPTER 12  
ADDENDUM L (CY 2004)

**ANNUAL HHA PPS RATE UPDATES - CALENDAR YEAR 2004**

(Final payment amount per 60-day episodes ending on or after April 1, 2004 and before December 31, 2004 - Transition from fiscal year to calendar year updating)

Home Health Agency PPS - Determination of Standard HHA PPS Payment

In accordance with the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P. L. 108-173) (MMA), payments under the home health agency prospective payment system (PPS) will increase by five percent for services furnished in a rural area with respect to episodes and visits ending on or after April 1, 2004, and before April 1, 2005. Additionally, the MMA is requiring a change in the annual home health update from a fiscal year basis to a calendar year basis. Beginning with the last three calendar quarters of 2004 and continuing through calendar years 2005 and 2006, the home health agency (HHA) update will be based upon the HHA market basket percentage increase minus 0.8 percent. Due to the change from a fiscal year to a calendar year basis, the annual HHA PPS update will be effective in January, rather than October, each year beginning in 2005.

**Final 60-day Episode Payment Amount for Site of Service in MSA Areas**

The final prospective payment amount per 60-day episode for episodes ending on or after April 1, 2004, and before December 31, 2004, is \$2,213.37. The applicable case mix and wage index adjustment is subsequently applied to the new amount.

Total prospective payment amount per 60-day episode for FY 2003.	Multiplied by 2.5 percent to provide for a market basket percentage increase of 3.3 percent reduced by 0.8 percent.	Final payment amount per 60-day episodes for episodes ending on or after 04/01/2004 and before 12/31/2004.
\$2,159.39	x 1.025	\$2,213.37

The final standardized per visit amounts per 60-day episode for FY 2003 for each home health discipline for episodes ending on or after April 1, 2004, and before December 31, 2004, with 4 or fewer visits is provided in the table below. The applicable wage index adjustment is subsequently applied to the new national per visit amounts used to calculate a low utilization payment adjustment (LUPA) episode.

Home Health Discipline Type	Final Standardized Per Visit Amounts Per 60-day Episode for FY 2003 for LUPA episodes.	Multiplied by 2.5 percent to provide for a market basket percentage increase of 3.3 percent reduced by 0.8 percent.	Final standardized per visit payment amount per 60-day episodes for episodes ending on or after 04/01/2004 and before 12/31/2004.
Home Health Aide	\$42.68	1.025	\$43.75
Medical Social Services	\$151.11	1.025	\$154.89

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Home Health Discipline Type	Final Standardized Per Visit Amounts Per 60-day Episode for FY 2003 for LUPA episodes.	Multiplied by 2.5 percent to provide for a market basket percentage increase of 3.3 percent reduced by 0.8 percent.	Final standardized per visit payment amount per 60-day episodes for episodes ending on or after 04/01/2004 and before 12/31/2004.
Occupational Therapy	\$103.77	1.025	<b>\$106.36</b>
Physical Therapy	\$103.07	1.025	<b>\$105.65</b>
Skilled Nursing	\$94.27	1.025	<b>\$96.63</b>
Speech-Language Pathology	\$112.00	1.025	<b>\$114.80</b>

**Final 60-day Episode Payment Amount for Site of Service in Non-MSA Areas**

For a beneficiary whose site of service is a non-MSA area, the final prospective payment amount for episodes ending on or after April 1, 2004, and before December 31, 2004 is \$2,324.04. The applicable case mix and wage index adjustment is subsequently applied to the new amount.

Final payment amount per 60-day episodes for episodes ending on or after 04/01/2004 and before 12/31/2004 reflecting a market basket percentage increase reduced by 0.8 percent.	Multiplied by 5 percent rural increase.	Final payment amount per 60-day episodes for episodes ending on or after 04/01/2004 and before 12/31/2004 reflecting market basket percentage increase reduced by 0.8 percent for beneficiary who resides in a rural non-MSA area.
\$2,213.37	x 1.05	<b>\$2,324.04</b>

The following are final standardized per visit amounts per 60-day episode for FY 2003 for each home health discipline for episodes ending on or after April 1, 2004, and before December 31, 2004, when the site of service of the beneficiary is a rural non-MSA area. The applicable wage index adjustment is subsequently applied to the new national per visit amounts used to calculate a low utilization payment adjustment (LUPA) i.e., when there is 4 or fewer visits provided within a 60-day episode of care.

Home Health Discipline Type	Final per visit payment amount per 60-day episodes for LUPA episodes ending on or after 04/01/2004 and before 12/31/2004 reflecting market basket percentage increase reduced by 0.8 percent.	Multiplied by 5 percent rural increase.	Final per visit payment amount per 60-day episodes for LUPA episodes ending on or after 04/01/2004 and before 12/31/2004 reflecting market basket percentage increase reduced by 0.8 percent for a beneficiary who resides in a rural non-MSA area.
Home Health Aide	\$43.75	1.05	<b>\$45.94</b>
Medical Social Services	\$154.89	1.05	<b>\$162.63</b>
Occupational Therapy	\$106.36	1.05	<b>\$111.68</b>
Physical Therapy	\$105.65	1.05	<b>\$110.93</b>
Skilled Nursing	\$96.63	1.05	<b>\$101.46</b>
Speech-Language Pathology	\$114.80	1.05	<b>\$120.54</b>

The 5% bonus payment for home health services provided in rural non-MSA areas will be retrospective back to the health delivery dates of regional groups of states under each of the

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TRICARE Next Generation of Contracts (T-NEX); i.e., retroactive to the date that the HHA PPS started for each region under the transition to the new contracts. The bonus payment is scheduled for termination as of March 31, 2005.

