

CHAPTER 12  
ADDENDUM L (CY 2005)

**ANNUAL HHA PPS RATE UPDATES - CALENDAR YEAR 2005**

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(Final payment amount per 60-day episodes ending on or after January 1, 2005 and before December 31, 2005 - First calendar year update)

Home Health Agency PPS - Determination of Standard HHA PPS

Rural home health agencies continue to receive a 5 percent increase for episodes and visits ending on or after January 1, 2005, and before April 1, 2005, under provisions of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173) (MMA). Section 701(b)(4) of the MMA also requires the calendar year 2005 home health agency (HHA) update to be based upon the HHA market basket percentage increase minus 0.8 percent.

The CY 2005 HHA PPS rates use the same case-mix methodology and application of the wage index adjustment to the labor portion of the HHA PPS rates as set forth in the July 3, 2000 final rule. The national 60-day episode rate is multiplied by the patient's applicable case-mix weight. The case-mix adjusted amount is then divided into a labor and non-labor portion. The labor portion is multiplied by the applicable wage index based on the site of service of the beneficiary. The end date of the 60-day episode as reported on the claim determines the rate level at which Medicare will pay the claim for the fiscal period.

**Final 60-day Episode Payment Amounts for Site of Service in MSA Areas - CY 2005**

The CY 2004 60-day episode payment rate was increased by the home health market basket increase (3.1 percent) minus 0.8 percentage points ( $\$2,213.37 \times 2.3$  percent) to yield the updated CY 2005 national 60-day episode rate ( $\$2,264.28$ ). The applicable case mix and wage index adjustments are subsequently applied to the new 60-day episode amount.

Total Prospective Payment Amount Per 60-day Episode for CY 2004 2004 (as of 04/01/2004)	Multiplied by the applicable home health market basket increase (3.1 percent) minus 0.8 percentage points	Total prospective payment amount per 60-day episode for CY 2005
\$2,213.37	x 1.023	\$2,264.28

**TRICARE REIMBURSEMENT MANUAL 6010.55-M, AUGUST 1, 2002**

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The national per-visit amounts for LUPAs (i.e., episodes with 4 or fewer visits) and outlier calculations updated by the applicable home health market basket for CY 2005, minus 0.8 percentage points before wage index adjustment based on the site of service for the beneficiary, are provided in the table below.

Home Health Discipline Type	Final per-visit amounts per 60-day episode for CY 2004 for LUPAS (as of 04/01/2004)	Multiplied by the applicable home health market basket (3.1 percent) minus 0.8 percentage points	Per-visit payment amount per discipline for CY 2005 for LUPAS
Home Health Aide	\$43.75	1.023	<b>\$44.76</b>
Medical Social Services	154.89	1.023	<b>158.45</b>
Occupational Therapy	106.36	1.023	<b>108.81</b>
Physical Therapy	105.65	1.023	<b>108.08</b>
Skilled Nursing	96.63	1.023	<b>98.85</b>
Speech-Language Pathology	114.80	1.023	<b>117.44</b>

**Final 60-day Episode Payment Amounts for Site of Service in Non-MSA Areas - CY 2005**

Following is the CY 2005 rural add-on to the 60-day payment for episodes ending on or after January 1, 2005, and before April 1, 2005, for beneficiaries who reside in a non-MSA area before application of case-mix and wage index adjustments.

Total Prospective Payment Amount Per 60-day Episode for CY 2005	5 percent rural add-on	CY 2005 final payment amount per 60-day episode ending before 04/01/2005 for a beneficiary who resides in a Non-MSA area
\$2,264.28	x 1.05	<b>\$2,377.49</b>

The following are rural add-on amounts for visits ending on or after January 1, 2005 and before April 1, 2005, used in the calculation of LUPAs (i.e., episodes with 4 or fewer visits) and outliers before application of case mix and wage index adjustments.

Home Health Discipline Type	Per-visit amounts per 60-day episode for CY 2005 for LUPAs	5 percent rural add-on	CY 2005 per-visit payment amounts per 60-day episode ending before 04/01/2005 for LUPAs for a beneficiary who resides in a non-MSA area
Home Health Aide	\$44.76	1.05	<b>\$47.00</b>
Medical Social Services	158.45	1.05	<b>166.37</b>
Occupational Therapy	108.81	1.05	<b>114.25</b>
Physical Therapy	108.08	1.05	<b>113.48</b>
Skilled Nursing	98.85	1.05	<b>103.79</b>
Speech-Language Pathology	117.44	1.05	<b>123.31</b>