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TRICARE
MANAGEMENT ACTIVITY

MB&RB

CHANGE 150
6010.54-M
NOVEMBER 9, 2011

PUBLICATIONS SYSTEM CHANGE TRANSMITTAL FOR TRICARE POLICY MANUAL (TPM), AUGUST 2002

The TRICARE Management Activity has authorized the following addition(s)/revision(s).

CHANGE TITLE: **FISCAL YEAR (FY) 2012 REIMBURSEMENT UPDATES**

CONREQ: 15613

PAGE CHANGE(S): See page 2.

SUMMARY OF CHANGE(S): This change provides FY 2012 annual updates to the TRM for Ambulatory Surgery Center (ASC) rates, Diagnosis Related Group (DRG) rates, Hospice rates, Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Rate and Wage Index to include updates for Extended Care Health Option (ECHO) Home Health Care (EHHC) reimbursement for inpatient mental health care, partial hospitalization care, and Residential Treatment Center (RTC) care to include 3.0% inpatient PPS market basket update factor.

EFFECTIVE DATE: As listed in the policy.

IMPLEMENTATION DATE: Upon direction of the Contracting Officer.

This change is made in conjunction with Aug 2002 TRM, Change No. 142.

Ann N. Fazzini

Ann N. Fazzini
Chief, Medical Benefits and Reimbursement Branch

ATTACHMENT(S): **3 PAGE(S)**
DISTRIBUTION: **6010.54-M**

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, FILE THIS TRANSMITTAL WITH BASIC DOCUMENT.

REMOVE PAGE(S)	**INSERT PAGE(S)**
CHAPTER 9	
Section 15.1, pages 23 and 24	Section 15.1, pages 23 and 24
Addendum A, page 1	Addendum A, page 1

NOTE: Although CMS periodically publishes updates to the SNF rates during any given fiscal year, those will not be used to calculate the EHHC cap. Only the SNF reimbursement rates in effect on October 1 of each year will be used to calculate the EHHC cap for the fiscal year beginning on that date.

(2) From the "Table 6. RUG-IV Case-Mix Adjusted Federal Rates for Urban SNFs by Labor and Non-Labor Component", determine the highest cost RUG-IV category;

(3) Multiply the labor component obtained in paragraph VI.H.2.a.(2) by the "Table A. FY 2012 Wage Index for Urban Areas Based on CBSA Labor Market Areas" value corresponding to the beneficiary's location;

(4) Sum the non-labor component from paragraph VI.H.2.a.(2) and the adjusted labor component from paragraph VI.H.2.a.(3); the result is the beneficiary's EHHC per diem in that location;

(5) Multiply the per diem obtained in paragraph VI.H.2.a.(4) by 365 (366 in leap year); the result is the beneficiary's fiscal year cap for EHHC in that location.

(6) For beneficiary's residing in areas not listed in Table A, use "Table 7. RUG-IV Case-Mix Adjusted Federal Rates for Rural SNFs by Labor and Non-Labor Component" and "Table B. FY 2012 Wage Index Based on CBSA Labor Market Areas for Rural Areas" and adjust similarly to paragraph VI.H.2.a.(3) through (5) to determine the EHHC cap for beneficiaries residing in rural areas.

NOTE: See Chapter 9, Addendum A for an example of the EHHC cap based on the FY 2012 rates published in the **Federal Register** on August 8, 2011 (76 FR 48486).

b. Beneficiaries who seek EHHC at any time during the fiscal year will have their cap calculated as above and prorated by month for the remaining portion of that fiscal year.

c. The maximum amount reimbursed in any month for EHHC services is the amount authorized in accordance with the approved plan of care and based on the actual number of hours of home health care provided and billed at the allowable charge or the negotiated rate. In no case will the amount reimbursed for any month of EHHC exceed one-twelfth (1/12) of the annual fiscal year cap established under paragraph VI.H.2.a. and as adjusted for the actual number of days in the month during which the services were provided.

d. Beneficiaries who move will have their cap recalculated to reflect the wage index for their new location. The maximum amount reimbursed in the remaining months of that fiscal year for EHHC services will reflect the re-calculated EHHC cap.

e. The cost for EHHC services does not accrue to the maximum monthly or fiscal year Government cost-shares indicated in Chapter 9, Section 16.1.

3. The sponsor's cost-share for EHHC services will be as indicated in Chapter 9, Section 16.1.

I. Transition to EHHC.

1. Following modification of the MCS contracts that incorporates the ECHO, the MCSCs will identify all active duty family members who are currently using, or have used any benefit of the PFPWD within the 12-month period immediately preceding the contract modification. The MCSCs will also identify those active duty family members who are in SNFs.

2. Not less that 60 days prior to the scheduled implementation of the ECHO, the MCSCs will send the government furnished notification and information brochures to all beneficiaries identified in paragraph VI.I.1. The notification announces the conversion of the PFPWD to the ECHO and the brochure highlights the benefit structure, the requirements, and the primary points of contact to access the ECHO.

3. Beneficiaries in SNFs will be afforded the opportunity to relocate to a more natural setting, such as in the sponsor's home, or other primary residence as defined herein.

4. MCSCs will assist EHHC-eligible beneficiaries with initiating the ECHO registration process and developing and approving the plan of care.

5. Those homebound beneficiaries whose need for skilled services can be appropriately met by the HHA-PPS (TRM, Chapter 12) will be required to access that program for such services.

NOTE: Although it is the intent that eligible beneficiaries complete the registration process and all applicable requirements of this issuance by the date of implementation of the ECHO, it is recognized that certain requirements may not be completed at that time. Therefore, to avoid delaying necessary services, those otherwise ECHO-eligible beneficiaries will be granted provisional eligibility status for a period of not more than 90 days following the date of implementation during which EHHC benefits will be authorized and payable. Beneficiaries failing to complete the ECHO registration process and the requirements of this issuance by the end of that 90 day period will be determined ineligible, at which point authorization and Government liability for all ECHO/EHHC benefits will terminate. The Department will not recoup claims paid for ECHO benefits provided during the provisional period.

6. Following implementation of the ECHO, the MCSCs will make available the Government furnished information brochures to beneficiaries seeking information about or access to the ECHO.

VII. EXCLUSIONS

A. Basic program and the ECHO Respite Care benefit (see Chapter 9, Section 12.1).

B. EHHC services will not be provided outside the beneficiary's primary residence.

C. EHHC services and EHHC respite care services are not available for the purpose of covering primary caregiver(s) absences due to deployment, employment, seeking employment, or to pursue education. Except for those excluded activities, this exclusion does

CHAPTER 9
ADDENDUM A

ECHO HOME HEALTH CARE (EHHC) BENEFIT

The following example illustrates the process of calculating the maximum fiscal year benefit for EHHC as described in Chapter 9, Section 15.1, paragraph VI.H.

This example is based on the Fiscal Year (FY) 2012 rates for the Medicare Program; Prospective Payment System (PPS) and Consolidated Billing for Skilled Nursing Facilities (SNFs) for FY 2012; Notice published by the Centers for Medicare and Medicaid Services (CMS) in the **Federal Register** on August 8, 2011 (76 FR 48486).

STEP	DESCRIPTION	URBAN[1]	RURAL[2]
1	Tables 6 and 7 Highest RUG-IV Category	RUX	RUX
2	Tables 6 and 7 Labor Component of RUX	506.32	518.02
3	Tables A and B Wage Index	1.6878	1.3962
4	Adjusted Labor Component (Step 2 x Step 3)	854.57	723.26
5	Tables 6 and 7 Non-Labor Component	230.76	236.09
6	Total RUX Daily Rate (Step 4 + Step 5)	1,085.33	959.35
7	Total FY EHHC Benefit (Step 6 x 365)[3]	396,145.45	350.162.75

[1] **Beneficiary resides in San Jose, CA (Core Based Statistical Area (CBSA) Code 41940).**
[2] **Beneficiary resides in rural Massachusetts (State Code 22).**
[3] **366 in Leap Year.**

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