



## Client Alert



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### **CMS Releases Final Rule Updating Home Health Prospective Payment System Rates**

The Centers for Medicare and Medicaid Services (CMS) issued its final rule to update the Calendar Year (CY) 2010 Home Health Prospective Payment System (HH PPS) Rate and address several changes to home health policy. Publication in the *Federal Register* is planned for November 10, 2009 and the final rule takes effect on January 1, 2010.

CMS provides for a 2.0 percent market basket update to the to CY 2010 HH PPS rates for home health agencies (HHAs) as opposed to the 2.2 percent update that had been announced in the August 2009 proposed rule. CMS further provides that only HHAs that meet the quality reporting requirements (e.g., submission of OASIS data) will receive the full home health market update for CY 2010. For HHAs that fail to provide such data, the home health market basket will be reduced by 2 percentage points to 0.0 percent for CY 2010.

Among other things, the final rule also addresses:

- Caps on home health outlier payments at 10 percent per HHA with a reduction in the target for total aggregate outlier payments to 2.5 percent of all HH PPS payments (from the 5.0 percent target in 2009).
- Continuation of the current policy for a 2.75 percent reduction to national standardized 60-day payment rates and non-medical supply factors, which began in 2008.
- Implementation of a revised version of the Outcome and Assessment Information Set (OASIS), called OASIS-C, to collect the required quality data on all episodes of care beginning January 1, 2010.
- The Agency's plan to report 12 nationally accepted and approved quality measures and 13 new process measures on the CMS Home Health Compare website in CY 2010.
- A new requirement, for implementation in CY 2012, for HHAs to report the Consumer Assessment of Healthcare Providers and Systems (CAHPS) Home Health Care Survey, as part of the required home health quality measures.



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- The addition of clarifying language to the “skilled services” and Conditions of Participation sections of the regulations, and further clarification regarding the coverage of certain routine medical supplies under HH PPS, which are included in the bundled payment provided under HH PPS.

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