



Medicare Home Health Prospective Payment System (HH PPS) Calendar Year (CY) 2023 Behavior Change Recap, 60-Day Episode Construction Overview, and Payment Rate Development Webinar

Presenters:

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(Updated Version)

Updated Information

- We have updated this slide deck that was previously posted on the CMS Home Health Patient-Driven Groupings Model webpage to make the following corrections:
- Slide 35 previously had the year “2018” listed under the clinical column for Scenario 3. We have now updated that to show “2021” under the clinical column for Scenario 3.
- Slide 42 previously had “14,302 30-day periods” shown in the first bullet. We have updated that to show “14,302 60-day episodes”.

Acronyms

- CAA, 2023: Consolidated Appropriations Act, 2023
- CCN: CMS Certification Number
- CCW VRDC: Chronic Conditions Data Warehouse Virtual Research Data Center
- CMS: Centers for Medicare and Medicaid Services
- CY: Calendar Year
- DUA: Data Usage Agreement
- HH PPS: Home Health Prospective Payment System
- HIPPS: Health Insurance Prospective Payment System
- LDS: Limited Dataset
- LUPA: Low Utilization Payment Adjustment
- MMTA: Medication Management, Teaching and Assessment
- OASIS: Outcome and Assessment Information Set
- PDGM: Patient-Driven Groupings Model
- PEP: Partial Episode Payment
- PHE: Public Health Emergency

Agenda

- Purpose of Webinar and Overview of Section 4142 of the Consolidated Appropriations Act, 2023
- Description of Actual Behavior Changes that Occurred Under the Home Health Prospective Payment System From 2018 – 2021
- Construction of CY 2021 Simulated 60-Day Episodes
- CY 2023 Payment Rate Development
- Description of Supplemental Data Files
- Question and Answer Session

Purpose of Webinar and Overview of Section 4142 of the Consolidated Appropriations Act, 2023

Purpose of Webinar and Overview of Section 4142

- We are holding this webinar to increase transparency for Home Health payments under the Medicare Program as required by Section 4142 of the Consolidated Appropriations Act (CAA), 2023

Purpose of Webinar and Overview of Section 4142

(a) TRANSPARENCY.—In notice and comment rulemaking used to implement section 1895(b)(3)(D) of the Social Security Act (42 U.S.C. 1395fff(b)(3)(D)), the Secretary of Health and Human Services (referred to in this section as the “Secretary”) shall, on the date of the notice of proposed rulemaking, make available through the internet website of the Centers for Medicare & Medicaid Services the following:

- (1) Electronic data files showing the Centers for Medicare & Medicaid Services simulation of 60-day episodes under the home health prospective payment system in effect prior to the Patient Driven Groupings Model using data from 30-day periods paid under such Model, if such data are used in determining payment adjustments under clauses (ii) or (iii) of such section 1895(b)(3)(D).
- (2) To the extent practicable, a description of actual behavior changes, as described in clause (i) of such section 1895(b)(3)(D), including behavior changes as a result of the implementation of sections 1895(b)(2)(B) and 1895(b)(4)(B) of the Social Security Act (42 U.S.C. 1395fff(b)(2)(B) and 1395(b)(4)(B)) that occurred in calendar years 2020 through 2026.

Purpose of Webinar and Overview of Section 4142

(b) ENGAGEMENT WITH STAKEHOLDERS.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this section, the Secretary shall use an open door forum, a town hall meeting, a web-based forum, or other appropriate mechanism to receive input from home health stakeholders and interested parties on Medicare home health payment rate development, including the items described in paragraphs (1) and (2) of subsection (a) with respect to the home health prospective payment system rate for calendar year 2023.

Purpose of Webinar and Overview of Section 4142

(b) ENGAGEMENT WITH STAKEHOLDERS.—

(2) REQUIREMENT.—At least 30 days before the forum, meeting, or other mechanism referred to in paragraph (1), the Secretary shall make available through the internet website of the Centers for Medicare & Medicaid Services the items described in paragraphs (1) and (2) of subsection (a) with respect to the home health prospective payment system rate for calendar year 2023 as finalized in the final rule entitled “Medicare Program; Calendar Year 2023 Home Health Prospective Payment System Rate Update; Home Health Quality Reporting Program Requirements; Home Health Value-Based Purchasing Expanded Model Requirements; and Home Infusion Therapy Services Requirements” published in the Federal Register on November 4, 2022 (87 Fed. Reg. 66790).

Purpose of Webinar and Overview of Section 4142

(c) CONSTRUCTION.—Nothing in this section shall be construed to require any change in the methodology used by the Secretary to implement such section 1895(b)(3)(D), to restrict the Secretary’s discretion in establishing the methodology to implement such section, or to suggest that the Secretary’s promulgation of the methodology implementing such Calendar Year 2023 home health final rule was inadequate under Chapter 5 of title 5, United States Code (commonly known as the “Administrative Procedures Act”) or any other provision of law.

Summary of CAA Requirements

The CAA, 2023 requires CMS to:

- Present, to the extent practicable, a description of the actual behavior changes occurring under the HH PPS from 2018 – 2021
- Describe the creation of the simulated 60-day episodes and the corresponding datasets
- Discuss payment rate development for CY 2023
- Provide time for stakeholders to provide input and ask questions on the data provided

Supplemental Data Files and Other Information that Satisfies CAA, 2023 Requirements

- In accordance with the law, 30 days prior to this webinar, CMS provided data files that are available on the CMS website:
 - Spreadsheet with descriptive statistics on the simulated 153-group 60-day episodes and 30-day periods from CY 2021 that are used to construct the permanent adjustment to the payment rate - <https://www.cms.gov/medicare/medicare-fee-for-service-payment/homehealthpps/hh-pdgm>
 - Supplemental Limited Dataset (LDS) files containing claim specific information on the simulated 153-group 60-day episodes and 30-day periods from CY 2021 used to construct the permanent adjustment to the payment rate- [https://www.cms.gov/Research-Statistics-Data-and-Systems/Files-for-Order/LimitedDataSets/Home Health PPS LDS](https://www.cms.gov/Research-Statistics-Data-and-Systems/Files-for-Order/LimitedDataSets/Home_Health_PPS_LDS)
- This PowerPoint provides, to the extent practicable, a description of the actual behavior changes occurring under the HH PPS from 2018 – 2021
 - CMS also made this same information available within the CY 2023 Home Health Prospective Payment System Rate Update Proposed Rule

Description of Actual Behavior Changes that Occurred Under the Home Health Prospective Payment System From 2018 – 2021

Description of Actual Behavior Changes

- To show how behavior changes over time within the HH PPS, we present a series of tables and figures from the CY 2023 Home Health Prospective Payment System Rate Update Proposed Rule that show changes in utilization of the HH PPS from 2018 – 2021
 - For all tables and figures from the CY 2023 Proposed Rule we include the table and figure numbers as a reference
- The CY 2023 Home Health Prospective Payment System Rate Update Proposed Rule can be found at:
<https://www.govinfo.gov/content/pkg/FR-2022-06-23/pdf/2022-13376.pdf>

Relationship Between Behavior Changes and Payment Adjustments

- We interpret actual behavior changes to encompass both the assumed behavior changes that were previously identified by CMS, as well as other behavior changes not identified at the time the budget-neutral 30-day payment rate for CY 2020 was established
 - As noted in prior rulemaking, and as we describe later in this presentation, the payment adjustment methodology captures all behavior changes that occurred in the aggregate, not only those that CMS was able to link to a particular identified behavioral change
- As noted in rulemaking, our analysis resulted in the identification of other behavior changes that occurred after the implementation of the PDGM

Relationship Between Behavior Changes and Payment Adjustments

- Section 1895 of the Act required that for 2020, CMS make, “assumptions about behavior changes that could occur as the result of the implementation of” the PDGM
 - The subsequent slides show information about those specific assumptions as well as other behavior changes
- Section 1895 of the Act also requires that CMS, “at a time and in a manner determined appropriate, through notice and comment rulemaking, provide for one or more permanent increases or decreases to the standard prospective payment amount (or amounts) for applicable years, on a prospective basis, to offset for such increases or decreases in estimated aggregate expenditures.”

Relationship Between Behavior Changes and Payment Adjustments

- As discussed later in the presentation (See section titled CY 2023 Payment Rate Development), we describe how all behavior change together impacts aggregate expenditures and therefore the budget neutral payment rate
 - That is, the Permanent Adjustment was developed by considering all behavior change collectively, as opposed to individually
 - That means that while CMS includes in this presentation, to the extent practicable, identified behavioral changes, it need not link every dollar of decreased estimate aggregate expenditures to a particular behavior change

Statutory Requirements Regarding Actual Behavior Changes

- Section 1895 of the Act requires us to determine whether the payment rate we implemented in CY 2020, based on those assumed behaviors, was accurate in ensuring the aggregate expenditures between the PDGM and the 153-group payment system for the same set of data were equal
- Section 4142 of CAA, 2023 requires us, to the extent practicable, to describe actual behavior changes under the PDGM
 - The analysis shown on the following slides illustrates changes in utilization that impacted estimated aggregate expenditures
 - These descriptions and analysis have been previously provided within the CY 2023 Home Health Prospective Payment System Rate Update Proposed Rule

Measurement of Actual Behavior Changes

- To measure actual behavior changes, we compare
 - Actual 30-day periods of care from CY 2020 and CY 2021
 - Simulated 30-day periods of care from CY 2018 and CY 2019
 - Simulated 30-day periods of care were used for CY 2018 and CY 2019 to ensure comparability to the actual 30-day periods from CY 2020 and CY 2021
 - We created simulated 30-day periods by dividing a 60-day episode into two 30-day periods based on the from and through dates on the 60-day claims

Actual Behavior Changes: Data Sets Used

- We use CY 2018 and CY 2019 simulated PDGM data with the assumed behavior assumptions applied as described in the CY 2020 HH PPS Rate Update Proposed and Final Rules
 - We apply the three behavior assumptions related to clinical groups, comorbidity groups, and the Low Utilization Payment Adjustment (LUPA) to 50% of the simulated 30-day periods in 2018 and 2019
 - We examine the differences between pre-PDGM behavior with behavior assumptions applied (using data from CY 2018 and CY 2019) and actual behavior (using data from CY 2020 and CY 2021)
 - The tables and figures related to behavior changes that are shown in this slide deck are the same as those shown in the proposed CY 2023 Home Health Prospective Payment System Rate Update

Actual Behavior Changes: Data Sets Used

- CY 2018 – CY 2021 data was accessed from the Chronic Conditions Data Warehouse Virtual Research Data Center (CCW VRDC)
 - CY 2018: 9,336,898 simulated 30-day periods
 - CY 2019: 8,744,171 simulated 30-day periods
 - CY 2020: 8,423,688 30-day periods
 - CY 2021: 8,962,690 30-day periods
- There are approximately 540,000 60-day episodes that started in 2019 and ended in 2020 that we did not use to simulate 30-day periods and are not included in the analysis
 - We excluded those to ensure that only CY 2018 and CY 2019 contained simulated 30-day periods to better show the differences between pre-PDGM data and PDGM data

Actual Behavior Changes: 30-Day Periods

**TABLE B2: OVERALL UTILIZATION OF HOME HEALTH SERVICES,
CYs 2018-2021**

Volume of Periods and Number of Beneficiaries	CY2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
30-Day Periods of Care	9,336,898	8,744,171	8,423,688	8,962,690
Unique Beneficiaries	2,980,385	2,802,560	2,850,916	2,944,305
Average Number of 30-Day Periods per Unique Beneficiary	3.13	3.12	2.95	3.04

- The average number of 30-day periods of care per unique HHA user is similar per 30-day period of care between 2020 and 2021, but is slightly smaller compared to 2018 and 2019

Actual Behavior Changes: Visits by Discipline

TABLE B3: UTILIZATION OF VISITS PER 30-DAY PERIODS OF CARE BY HOME HEALTH DISCIPLINE, CYs 2018-2021

Discipline	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Skilled Nursing	4.53	4.49	4.35	4.05
Physical Therapy	3.30	3.33	2.70	2.73
Occupational Therapy	1.02	1.07	0.79	0.77
Speech Therapy	0.21	0.21	0.16	0.15
Home Health Aide	0.72	0.67	0.54	0.47
Social Worker	0.08	0.08	0.06	0.05
Total (all disciplines)	9.86	9.85	8.60	8.22

- Across each discipline, average visits per 30-day period of care decreased from 2018 and 2019 compared to 2020 and 2021

Actual Behavior Changes: LUPA Periods

TABLE B4: THE PROPORTION OF 30-DAY PERIODS OF CARE THAT ARE LUPAs AND THE AVERAGE NUMBER OF VISITS BY HOME HEALTH DISCIPLINE FOR LUPA HOME HEALTH PERIODS, CYs 2018-2021

	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Total LUPA % of Overall 30-day Periods	6.7%	6.8%	8.7%	7.8%
Discipline (Average # visits for LUPA home health periods)				
Skilled Nursing	1.15	1.14	1.19	1.12
Physical Therapy	0.43	0.46	0.53	0.55
Occupational Therapy	0.07	0.07	0.08	0.08
Speech Therapy	0.02	0.02	0.02	0.02
Home Health Aide	0.01	0.01	0.01	0.01
Social Worker	0.01	0.01	0.01	0.01
Total	1.69	1.71	1.84	1.78

- Reflecting the decrease in visits shown in the previous table, LUPA rates increased slightly from 2018 and 2019 compared to 2020 and 2021
- Average total visits per LUPA period increased slightly in 2020 and 2021 compared to 2018 and 2019

Actual Behavior Changes: Clinical Groups

TABLE B6: DISTRIBUTION OF 30-DAY PERIODS OF CARE BY THE 12 PDGM CLINICAL GROUPS, CYs 2018-2021

Clinical Grouping	CY 2018 (Simulated)	CY2019 (Simulated)	CY 2020	CY 2021
Behavioral Health	1.7%	1.5%	2.3%	2.4%
Complex Nursing	2.6%	2.5%	3.5%	3.3%
MMTA – Cardiac	16.5%	16.1%	18.9%	18.5%
MMTA – Endocrine	17.3%	17.4%	7.2%	6.9%
MMTA – GI/GU	2.2%	2.3%	4.7%	4.7%
MMTA – Infectious	2.9%	2.7%	4.8%	4.6%
MMTA – Other	4.7%	4.7%	3.1%	3.6%
MMTA – Respiratory	4.3%	4.1%	7.8%	8.0%
MMTA – Surgical Aftercare	1.8%	1.8%	3.6%	3.4%
MS Rehab	17.1%	17.3%	19.4%	19.8%
Neuro Rehab	14.4%	14.5%	10.5%	10.9%
Wounds	14.5%	15.1%	14.2%	13.9%

- A smaller percentage of 30-day periods were grouped into the MMTA – Endocrine, MMTA – Other, Neuro Rehab, and Wounds clinical groups in 2020 and 2021 compared to 2018 and 2019
- The remaining clinical groups had a larger percentage of 30-day periods in 2020 and 2021 compared to 2018 and 2019

Actual Behavior Changes: Comorbidity Adjustment

TABLE B7: DISTRIBUTION OF 30-DAY PERIODS OF CARE BY COMORBIDITY ADJUSTMENT CATEGORY FOR 30-DAY PERIODS, CYs 2018-2021

Comorbidity Adjustment	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
None	55.6%	52.0%	49.1%	49.6%
Low	35.3%	38.0%	36.9%	36.9%
High	9.2%	10.0%	14.0%	13.5%

- There was a decrease in the percentage of 30-day periods with no comorbidity adjustment in 2020 and 2021 compared to 2018 and 2019
- There was an increase in the percentage of 30-day periods with a high comorbidity adjustment in 2020 and 2021 compared to 2018 and 2019

Actual Behavior Changes: Admission Source & Timing

TABLE B8: DISTRIBUTION OF 30-DAY PERIODS OF CARE BY ADMISSION SOURCE AND PERIOD TIMING, CYs 2018-2021

Admission Source	Period Timing	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Community	Early	13.5%	13.8%	12.4%	11.6%
Community	Late	61.1%	60.9%	61.8%	63.9%
Institutional	Early	18.6%	18.4%	20.0%	18.6%
Institutional	Late	6.8%	6.9%	5.8%	5.9%

- There was a slight decrease in community early and institutional late and a slight increase in community late and institutional early in 2020 and 2021 compared to 2018 and 2019

Actual Behavior Changes: Functional Impairment

TABLE B9: DISTRIBUTION OF 30-DAY PERIODS OF CARE BY FUNCTIONAL IMPAIRMENT LEVEL, CYs 2018-2021

Functional Impairment Level	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Low	33.9%	31.9%	25.7%	23.2%
Medium	34.9%	35.5%	32.7%	32.6%
High	31.2%	32.6%	41.7%	44.2%

- The low and medium functional impairment level had a lower percentage of 30-day periods in 2020 and 2021 compared to 2018 and 2019
- The high functional impairment level had a higher percentage of 30-day periods in 2020 and 2021 compared to 2018 and 2019

Actual Behavior Changes: Therapy Visits

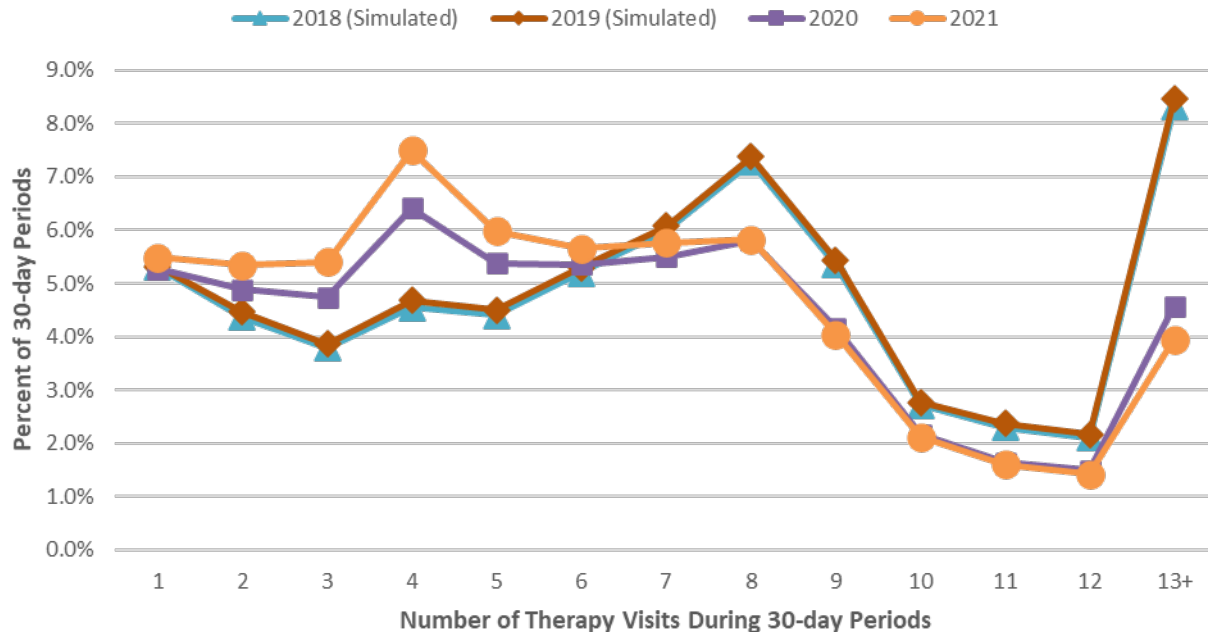
TABLE B10: PROPORTION OF 30-DAY PERIODS OF CARE WITH ONLY THERAPY, AT LEAST ONE THERAPY VISIT, AND NO THERAPY VISITS FOR CYs 2018-2021

30-day Period Visit Type	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Therapy Only	13.5%	14.4%	15.2%	17.8%
Therapy + Non-therapy	48.2%	48.4%	42.2%	42.3%
No Therapy	38.3%	37.2%	42.6%	39.9%
Total 30-day periods	9,336,898	8,744,171	8,423,688	8,962,690

- The actual percentage of 30-day periods that were “therapy only” or that contained “no therapy” in 2020 and 2021 was higher than what was seen in 2018 and 2019
- Although there is a higher percentage of therapy 30-day periods in 2020 and 2021, the next slides show there are fewer therapy visits on average compared to those in 2018 and 2019

Actual Behavior Changes: Therapy Visits

Figure B3: Proportion of 30-day Periods by the Number of Therapy Visits During 30-day Periods



- The percentage of 30-day periods with 8+ therapy visits was higher in 2018 and 2019 compared to 2020 and 2021
- The percentage of 30-day periods with ≤ 6 therapy visits was lower in 2018 and 2019 compared to 2020 and 2021

Actual Behavior Changes: Skilled Nursing Visits

TABLE B11: PROPORTION OF 30-DAY PERIODS OF CARE WITH ONLY SKILLED NURSING, SKILLED NURSING + OTHER VISIT TYPE, AND NO SKILLED NURSING VISITS FOR CYs 2018-2021

30-day Period Visit Type	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Skilled Nursing Only	33.8%	33.1%	38.5%	36.2%
Skilled Nursing + Other	51.6%	51.5%	45.3%	44.9%
No Skilled Nursing	14.7%	15.5%	16.2%	18.9%
Total 30-day periods	9,336,898	8,744,171	8,423,688	8,962,690

- The percentage of 30-day periods that were skilled nursing only in 2020 and 2021 was higher than it was in 2018 and 2019

Actual Behavior Changes: HH Aide & SW Visits

TABLE B12: PROPORTION OF 30-DAY PERIODS OF CARE WITH AND WITHOUT HOME HEALTH AIDE AND/OR SOCIAL WORKER VISITS FOR CYs 2018-2021

30-day Period Visit Type	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021
Any HH aide and/or social worker	16.6%	15.9%	13.2%	12.2%
No HH aide and/or social worker	83.4%	84.1%	86.8%	87.8%
Total 30-day periods	9,336,898	8,744,171	8,423,688	8,962,690

- The percentage of 30-day periods that had any aide or social worker visits in 2020 and 2021 was lower than it was in 2018 and 2019

Actual Behavior Changes: Case-Mix Weights

- Additional analyses in the CY 2023 Final Rule showed a comparison of case-mix weights for simulated 60-day episodes in CY 2021 compared to actual 60-day episodes in CY 2018
- For each year of data, we either held fixed or changed the clinical level, functional level, and therapy so it would look like the data from 2018 (Pre-PDGM) or 2021 (PDGM) with respect to each of those three HIPPS components

Actual Behavior Changes: Case-Mix Weights

- For example, in order to simulate the case-mix weight when using the CY 2021 therapy levels but using the CY 2018 clinical and functional therapy levels we:
 - Used the distribution of simulated 60-day episodes in 2021 for the first character of the HIPPS (e.g., 53.3% of 60-day episode in 2021 had a first HIPPS character equal to “1”)
 - Applied the distribution of 60-day episodes in 2018 for the second and third character of the HIPPS (e.g., forced 6.3% of 60-day episodes in 2018 to have a second HIPPS character equal to “A” and third HIPPS character equal to “F”)
- After applying those HIPPS codes and determining the percentage and number of 60-day episodes within each of the 153 case-mix groups, we were then able to compute the average case-mix weight

Actual Behavior Changes: Case-Mix Weights

Scenario	Average Case-mix Weight	HIPPS – First Character (Timing and Therapy)	HIPPS 2 nd Character (Clinical)	HIPPS 3 rd Character (Functional)
1)	1.0176	2018 distribution	2018 distribution	2018 distribution
2)	1.0389	2018 distribution	2021 distribution	2021 distribution
3)	0.9682	2021 Distribution	2021 distribution	2021 distribution
4)	0.9383	2021 Distribution	2018 distribution	2018 distribution

- By controlling for therapy levels using the approach described on the previous slide, we were able to determine the decline in the average 60-day episode case-mix weights between 2018 and 2021 was largely driven by therapy utilization

Construction of CY 2021 Simulated 60-Day Episodes

Construction of Simulated 60-Day Episodes

- The simulated 60-day episodes are unrelated to the simulated 30-day periods discussed in the previous section
 - The simulated 30-day periods allow us to compare utilization of the HH PPS prior to the PDGM versus after the PDGM
 - The simulated 60-day episodes allow us to determine what aggregate payments would have been with PDGM utilization but paid under the 153-group payment system

Construction of Simulated 60-Day Episodes

- To evaluate if the national, standardized 30-day payment rate and resulting estimated aggregate expenditures maintained budget neutrality after the implementation of the PDGM, we used actual 30-day period claims data to simulate 60-day episodes and estimate what aggregate expenditures would have been under the 153-group case-mix system and 60-day unit of payment

Construction of Simulated 60-Day Episodes

- Constructing the simulated 60-day episodes was described in CY 2023 rulemaking, and we review that explanation here
 - This process is used to construct the simulated 60-day episode data file discussed in the next section of the webinar
- To create a 60-day episode, we combine up to two 30-day periods of care together to form a single 60-day episode
- Our starting sample begins with 9,269,971 30-day periods of care from CY 2021

Construction of Simulated 60-Day Episodes - Exclusions

Exclusion 1:

- We exclude claims where the OASIS assessment date (i.e., Claim Occurrence Code 50 date) occurred on or after October 31, 2021 or before January 1, 2021 (n = 1,539,316 30-day periods excluded)

Rationale:

- This was done to only include episodes paid under the 2021 payment rates

Construction of Simulated 60-Day Episodes - Exclusions

Exclusion 2:

- We exclude beneficiaries and all of their claims if they have overlapping claims from the same provider (as identified by CMS Certification Number (CCN))
- We exclude beneficiaries and all of their claims if three or more claims from the same provider are linked to the same OASIS assessment date
- In total, 5,686 additional 30-day period were excluded for those reasons

Rationale:

- In the case of overlapping claims, all of a beneficiary's claims are dropped so as not to create problems with assigning episode timing if only a subset of claims is dropped
- In the case of three or more claims linking to the same occurrence code 50 date, this is done because if three or more claims link to the same OASIS it would not be clear which claims should be joined to simulate a 60-day episode

Construction of Simulated 60-Day Episodes - Exclusions

Exclusion 3:

- We exclude 30-day periods where no OASIS information was available or could not be grouped to a HIPPS code due a missing primary diagnosis or other reason (n = 14,302 additional 60-day episodes excluded)

Rationale:

- We could not use 30-day periods in our analyses if we did not have adequate information to group them under the 153-group payment systemF

Construction of Simulated 60-Day Episodes - Assumptions

- If two 30-day periods of care for the same beneficiary and from the same provider reference the same OASIS assessment date, then we assume those two 30-day periods of care would have been billed as a 60-day episode of care under the 153-group system

Example:

Claim 1 (30 Days)
OASIS Assessment Date:
1/1/2021
From Date: 1/1/2021
Through Date: 1/31/2021
Therapy Visits: 4
Total Visits: 8



Claim 2 (30 Days)
OASIS Assessment Date:
1/1/2021
From Date: 2/1/2021
Through Date: 3/3/2021
Therapy Visits: 3
Total Visits: 6



Simulated 60-Day Episode
OASIS Assessment Date:
1/1/2021
Therapy Visits: 7
Total Visits: 14

Construction of Simulated 60-Day Episodes - Assumptions

- If two 30 day-periods of care reference different OASIS assessment dates and
 - each of those assessment dates is referenced by a single 30-day period of care, and
 - those two 30-day periods of care occur together close in time (that is, the “from” date of the later 30-day period of care is between 0 to 14 days after the “through” date of the earlier 30-day period of care)
- We assume those two 30-day periods of care also would have been billed as a 60-day episode of care under the 153-group system

Construction of Simulated 60-Day Episodes - Assumptions

Example:

Claim 1 (30 Days)
OASIS Assessment Date: 1/1/2021
From Date: 1/1/2021
Through Date: 1/31/2021
Therapy Visits: 4
Total Visits: 8



Claim 2 (30 Days)
OASIS Assessment Date: 2/5/2021
From Date: 2/5/2021
Through Date: 3/7/2021
Therapy Visits: 3
Total Visits: 6



Simulated 60-Day Episode
OASIS Assessment Date: 1/1/2021
Therapy Visits: 7
Total Visits: 14

Construction of Simulated 60-Day Episodes - Assumptions

- For all other 30-day periods of care, we assume that they would not be combined with another 30-day period of care and would have been billed as a single 30-day period

Example:

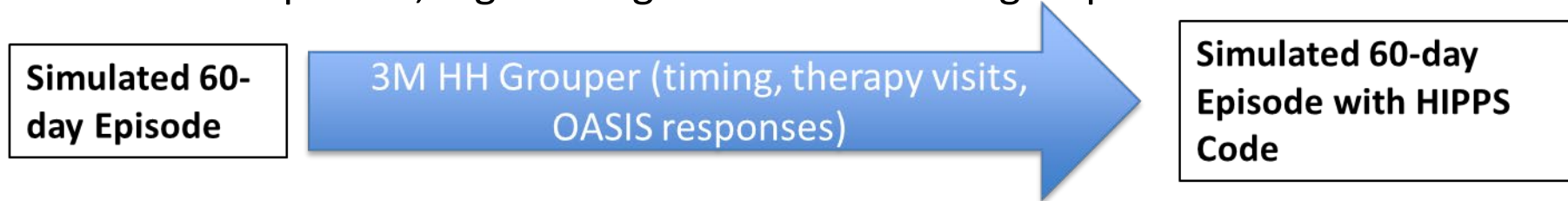
Claim 1 (30 Days)
OASIS Assessment Date:
2/5/2021
From Date: 2/5/2021
Through Date: 3/7/2021
Therapy Visits: 3
Total Visits: 6



Simulated 60-Day Episode
OASIS Assessment Date:
2/5/2021
Therapy Visits: 3
Total Visits: 6

Construction of Simulated 60-Day Episodes – Pricing Simulated 60-Day Episode Claims

- After applying the exclusions and assumptions mentioned previously, the final dataset includes 7,703,261 actual 30-day periods of care and 4,529,498 simulated 60-day episodes
- Next, using the October 2019 3M Home Health Grouper (v8219), we assign a HIPPS code to each simulated 60-day episode of care using the 153-group methodology
 - That is, based on the simulated 60-day episode's timing, therapy visits, and OASIS responses, it gets assigned to one of 153 groups



Construction of Simulated 60-Day Episodes – Pricing Simulated 60-Day Episode Claims

- Finally, we priced the CY 2020 simulated 60-day episodes of care using the payment parameters described in the CY 2020 HH PPS final rule with comment period (84 FR 60537) for 60-day episodes of care and then adjusted for the CY 2021 Wage Index Budget Neutrality Factor (0.9999) and CY 2021 HH Payment Update (1.020)
- $\$3,220.79$ (CY2020 Payment Rate) * 0.9999 (CY2021 Wage Index Budget Neutrality Factor) * 1.020 (CY 2021 HH Payment Update) = **$\$3,284.88$ (CY 2021 153-Group National Standardized 60-Day Episode Payment)**

CY 2023 Payment Rate Development

CY 2023 Payment Rate Development

CY 2022 National Standardized 30-Day Period Payment	CY 2023 Permanent BA Adjustment Factor	CY 2023 Case- Mix Weights Recalibration Neutrality Factor	CY 2023 Wage Index Budget Neutrality Factor	CY 2023 HH Payment Update	CY 2023 National, Standardized 30-Day Period Payment
\$2,031.64	0.96075	0.9904	1.0001	1.040	\$2,010.69

- The CY 2023 national, standardized 30-day period payment rate was developed by starting with the CY 2022 payment rate and updating by
 - Permanent behavior assumption adjustment factor
 - Case-mix weights recalibration neutrality factor
 - Wage index budget neutrality factor
 - Home health payment update factor (See 87 FR 66854)

CY 2023 Payment Rate Development - Permanent Behavior Assumption Adjustment Factor

- The permanent adjustment accounts for differences in aggregate expenditures between the PDGM payment system and the 153-group payment system when using the same underlying set of claims
- We use 4,529,498 simulated 60-day episodes to determine what the aggregate expenditures under the 153-group system would have been in CY 2021 in the absence of the PDGM
 - **Aggregate expenditures equal \$13.182 billion** when the payment rate equals the CY 2021 60-day payment rate of \$3,284.88
- We use the 7,703,261 actual 30-day periods from CY 2021 that are used to construct the simulated 60-day episodes to determine the aggregate expenditures under the PDGM
 - **Aggregate expenditures equal \$14.202 billion** when the payment rate equals the CY 2021 30-day payment rate of \$1,901.12 (See 87 FR 66805)

CY 2023 Payment Rate Development - Permanent Behavior Assumption Adjustment Factor

- To ensure the aggregate expenditures under the PDGM are equal to the aggregate expenditures under the 153-group system in CY 2021, we adjust the PDGM payment rate to equal \$1,751.90
 - That new payment rate produced aggregate payments equal to \$13.182 billion when applied to the 7,703,261 actual 30-day periods discussed on the previous slide
- Reducing the payment rate from \$1,901.12 to \$1,751.90 represents a 7.85% reduction (See 87 FR 66806)

CY 2023 Payment Rate Development - Permanent Behavior Assumption Adjustment Factor

- CMS recognized the potential hardship of implementing the full -7.85 percent permanent adjustment in a single year
 - As CMS had the discretion to implement any adjustment in a time and manner determined appropriate, CMS finalized only a -3.925 percent (half of the -7.85 percent) permanent adjustment for CY 2023
 - The -3.925 percent permanent adjustment was implemented by multiplying the CY 2022 payment rate by 0.96075
- The remainder of the permanent adjustment will need to be accounted for in future rulemaking

CY 2023 Payment Rate Development - Case-mix Weights Recalibration Neutrality Factor

- To calculate the case-mix weights recalibration neutrality factor, we first determined the aggregate expenditures when using CY 2021 claims data grouped under the CY 2022 home health PDGM grouper
- We then recalibrated the case-mix weights as described in the CY 2023 Home Health Prospective Payment System Rate Update Final Rule
- We finally determined the budget neutral payment rate that was required to achieve the same aggregate expenditures calculated in the first bullet when using the same claims but when grouped under the recalibrated case-mix groups and weights
- The case-mix weights recalibration neutrality factor used to achieve budget neutral payments is equal to 0.9904

CY 2023 Payment Rate Development - Wage Index Budget Neutrality Factor

- To determine the wage index budget neutrality factor, we first determined the aggregate expenditures when using CY 2021 claims priced using the CY2022 wage index values
- We then determined the budget neutral payment rate that was required to achieve the same aggregate expenditures calculated in the first bullet when using the same claims but priced using the CY2023 wage index values
- The wage index budget neutrality factor used to achieve the budget neutral payment rate is equal to 1.0001

CY 2023 Payment Rate Development - Home Health Payment Update Factor

- Based on IHS Global Inc.'s third-quarter 2022 forecast with historical data through second quarter 2022, the home health market basket update for CY 2023 is equal to 4.1 percent
- The CY 2023 home health market basket update of 4.1 percent is then reduced by a productivity adjustment of 0.1 percentage point for CY 2023
- For HHAs that submit the required quality data for CY 2022, the home health payment update is a 4.0 percent increase
- For HHAs that do not submit the required quality data for CY 2023, the home health payment update is 2.0 percent (4.0 percent minus 2 percentage points)

Description of Supplemental Data Files

Supplemental Data Files – Simulated 60-Day Episodes and 30-Day Periods Used to Calculate the Permanent Adjustment

- In accordance with Section 4142 of the CAA, 2023, CMS is releasing an additional LDS data file showing the simulated 60-day episodes under the HH PPS in effect prior to implementation of the PDGM, using data from 30-day periods paid under such Model, used to determine the payment adjustment to the CY 2023 HH PPS rate.
- CMS is also releasing an additional LDS data file showing the 30-day periods used to carry out the permanent adjustment methodology described in the CY 2023 HH PPS Rate Update

Supplemental Data Files – Simulated 60-Day Episodes and 30-Day Periods Used to Calculate the Permanent Adjustment

- These supplemental files include:
 - Indicators for which 30-day periods were used to construct 60-day episodes
 - OASIS items relevant for grouping 60-day episodes
 - Information on visits and minutes of care by discipline during the 60-day episodes and 30-day periods
 - Information on payments and payment adjustments (LUPA, PEP, Outliers)
- A user of the supplemental files can determine which 30-day periods were used to create simulated 60-day episodes and verify the CY2021 budget neutral PDGM rate of \$1,751.90 produces aggregate expenditures for 30-day periods equal to those estimated when using 60-day episodes and a payment rate equal to \$3,284.88

Supplemental Data Files – Simulated 60-Day Episodes and 30-Day Periods Used to Calculate the Permanent Adjustment

- Please note: Any interested parties who have already purchased the CY 2023 LDS file do not have to request access to, or pay for, these supplemental files
 - Those parties will receive this file automatically
- Those that have not requested the previously available data will need to submit a DUA to request access to and purchase the LDS file
 - Access will be granted for both the 30-day LDS file and the supplemental files for the 30-day periods and 60-day episodes used to calculate the permanent adjustment

Further Information on Supplemental Data Files

More information on the supplemental HH PPS LDS files can be found here:

https://www.cms.gov/Research-Statistics-Data-and-Systems/Files-for-Order/LimitedDataSets/Home_Health_PPS_LDS

Supplemental Data Files – Descriptive Statistics from Supplemental Files

- In accordance with Section 4142 of the CAA, 2023, CMS is providing a publicly available Excel spreadsheet that contains descriptive statistics from the supplemental LDS files on the CMS website:
 - <https://www.cms.gov/medicare/medicare-fee-for-service-payment/homehealthpps/hh-pdgm>
- These descriptive statistics provide the following information by HIPPS group - both for 30-day periods and simulated 60-day episodes
 - Number of 30-day periods and 60-day episodes
 - Percentage of 30-day periods and 60-day episodes by payment adjustment (rural add-on, outlier, LUPA, and PEP)
 - Average payments
 - Average visits by discipline
 - Average length of visits by discipline

Supplemental Data Files – Descriptive Statistics from Supplemental Files

- The supplemental file will allow users to:
 - Verify the CY2021 budget neutral PDGM rate of \$1,751.90 produces aggregate expenditures for 30-day periods equal to those estimated when using 60-day episodes and a payment rate equal to \$3,284.88
 - Observe the number and percentage of simulated 60-day episodes and 30-day periods by HIPPS

Question and Answer Session

Questions for Participants – Behavior Changes

- Besides the exhibits we have presented, are there other parts of the HH PPS that CMS should monitor to see how utilization has changed since prior to the implementation of the PDGM?
- How do you expect behavior will further change in future years?
- What additional comments or questions do you have regarding the behavior change information we have presented?

Questions for Participants – Construction of Simulated 60-Day Episodes and 30-Day Periods Used to Calculate the Permanent Adjustment

- Do you have any questions as they relate to your individual analysis of the files provided?
- What additional comments do you have regarding the simulated 60-day episode methodology information we have presented?
- What additional comments or questions do you have regarding the new data files we have provided?

Questions for Participants – Payment Rate Development

- What comments or questions do you have regarding the payment rate development methodology we have reviewed?

Resources

- [PDGM Webpage](#)
- [HH PPS LDS webpage](#)
- [CY 2023 Home Health Final Rule](#)
- [CAA, 2023](#)
- HomeHealthPolicy@cms.hhs.gov

Disclaimer

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