

CMS Proposes 3.1% Increase in 2007 Payment Rates to Home Health Agencies

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The Centers for Medicare and Medicaid Services (CMS) has published proposed rates for home health agencies for calendar year 2007. The 3.1% proposed increase applies to the base rate for each 60-day episode and reflects the estimated home health market basket inflationary rate. Under the home health prospective payment system (PPS), rates are higher for patients identified as having greater care needs. The base episode rate for 2007 is proposed at \$2334 (before case-mix adjustment). The case-mix adjustment for each 60-day episode is determined by a comprehensive patient assessment tool, the OASIS (Outcome Assessment Information Set). Added to the episodic rate is a "high-therapy case-mix adjustment" of approximately \$2,500 if a patient receives at least ten therapy visits.

If there are less than five total home health visits in an episode, payment is based on per visit costs by discipline. The speech-language pathology proposed rate is more than 8% above the OT/PT rates: The proposed per visit rate for speech-language pathologists is \$121.08 compared with \$111.43 for physical therapists and \$112.18 for occupational therapists (geographically adjusted).

As required by the Deficit Reduction Act, home health agencies that do not submit data on ten quality measures in the OASIS will be penalized by a payment reduction of two percentage points in the annual market basket update or only a 1.1% increase for 2007 rates. This translates to \$2289 per episode instead of \$2334.

The OASIS quality measures that CMS believes are the most appropriate quality measures of home health quality include improvement in: ambulation/locomotion; bathing; transferring; management of oral medications; pain interfering with activity; dyspnea; urinary incontinence; and acute care hospitalization; emergent care; and discharge to community. CMS plans to identify processes of care that lead to improvements for certain populations of patients. These processes are currently in the very early stages of development.

The complete proposed regulation can be found on the CMS website at:

www.cms.hhs.gov/quarterlyproviderupdates/downloads/cms1304p.pdf.
Public comments will be accepted by CMS through September 25, 2006. For further information, please contact Mark Kander, ASHA's Director of Health Care Regulatory Analysis, via email at mkander@asha.org or by phone at 800-498-2071, ext. 4139.