



# 2020 PDGM

## FINAL RULE EXPLAINED

### SPEAKERS

**Bill Dombi, Esq**

President

National Association for Home Care and Hospice

**Deborah Hoyt**

Senior Vice President, Public Policy

Axxess



# CY2020 FINAL Medicare Home Health Rate Rule

- Published October 31, 2019
- <https://www.federalregister.gov/documents/2019/11/08/2019-24026/medicare-and-medicaid-programs-cy-2020-home-health-prospective-payment-system-rate-update-home>
- PDGM applies only to care episodes that begin January 1, 2020
- HPPS rates updated for CY 2020 (episodes that begin before January 1 and end after that date)
  - 2019 payment model uses an “end date” approach to payment.
  - CMS proposes to update the 2019 episodic rates from \$3154.27 to \$3,220.79.
  - The latest the 60-day episodic payment will cover is an episode ending February 28, 2020 for an episode that began prior to January 1.
- The per visit rates for LUPA claims are increased by 1.5% over 2019 rates plus a 1.0066 adjustment to account for wage index budget neutrality.



# Medicare Home Health Payment Reform: 2020

- PDGM architecture finalized in 2019 rulemaking
- 2020 Rule sets out:
  - Payment rates
  - Revised behavioral adjustment
  - Outlier standards
  - Updated wage index
  - Recalibrated case mix weights
  - RAP changes
  - Notice of Admission requirement



# Setting the Stage: Bipartisan Budget Act of 2018 (BiBA)

- P.L. 115-123, Section 51001
- Mandates payment model reform
  - 2020
  - Budget neutral transition
  - Behavioral adjustment guardrails
  - Stakeholder involvement
  - Prohibits therapy volume thresholds for payment amount
  - 30-day payment unit
- MBI (inflation update) set at 1.5% in 2020 (P.L. 115-123, Section 53110)



# 2020 PDGM Model Basics

- Patient-Driven Groupings Model (PDGM)
  - 30-day payment unit
  - Therapy utilization domain of HHPPS dropped
  - 432 payment groups
  - Episode timing: “early” or “late”
  - Admission source: community or institutional
  - Six Clinical groupings (plus subgroups in MMTA)
  - Functional level (OASIS based)
  - Comorbidity adjustment: secondary diagnosis based
  - LUPA range of 2-6 visits
  - Bundled services and supplies
  - Case mix weights recalibrated from 2018 version



# 2020 PDGM Base Rates

- 30-day payment unit: \$1864.03
  - estimated CY2020 30-day period cost of \$1,608.82 (+11%)
  - CY 2020 estimated 30-day budget neutral payment amount of \$1,824.99 (pre-required 1.5% update in BiBA 2018)

# 2020 LUPA Rates

**TABLE 25: CY 2020 NATIONAL PER-VISIT PAYMENT AMOUNTS**

<b>HH Discipline</b>	<b>CY 2019 Per-Visit Payment</b>	<b>Wage Index Budget Neutrality Factor</b>	<b>CY 2020 HH Payment Update</b>	<b>CY 2020 Per-Visit Payment</b>
Home Health Aide	\$66.34	X 1.0066	X 1.015	\$ 67.78
Medical Social Services	\$234.82	X 1.0066	X 1.015	\$239.92
Occupational Therapy	\$161.24	X 1.0066	X 1.015	\$164.74
Physical Therapy	\$160.14	X 1.0066	X 1.015	\$163.61
Skilled Nursing	\$146.50	X 1.0066	X 1.015	\$149.68
Speech-Language Pathology	\$174.06	X 1.0066	X 1.015	\$177.84

# Outlier

- 2019 formula continued
  - 15 minute unit approach
- FDL increases from 0.51 to 0.56
  - Decreases volume of outlier claims





# Behavioral Adjustment

- Proposal maintains framework for behavioral adjustment
  - Clinical Group -6.40% (-5.91%)
  - Comorbidity -0.25% (-0.37%)
  - LUPA -1.88% (-1.86%)
- Increases adjustment to 8.389% from 8.01% due to inclusion of additional diagnoses
- CMS reduced the adjustment to 4.36% based on determination that only 50% of the 2020 payment periods would be affected by behavior changes
  - \$725M in value to HHAs in 2020

# RAP Phase-Out

- No RAP in 2020 for new HHAs
- Existing HHAs get reduced RAP at 20% in 2020
- No RAPs for any HHA starting 2021
- CMS concerns on fraud and abuse
- CMS view that 30-day billing obviates need for RAP
- RAP submissions required through 2021 as substitute for NOA; penalty for late RAP submission (5 days) starting in 2021.

# Notice of Admission

- Begins 2022
- Notice of Admission w/in 5 days
  - Electronic option
- Intended to make CWF most current and avoid difficulties “early” and “late” designations in PDGM
- Penalty for late NOA proportionate to degree of lateness (1/30<sup>th</sup> rate reduction for each late day)

PDGM: Side-by-Side Comparison-Proposed vs. Final Rule

SUBJECT AREA	PROPOSED RULE	FINAL RULE	COMMENT
Start Date	1/1/20	1/1/20	Cert periods beginning 1/1/20 and later
Unit of Payment	30 day	30 day	Mandated by BiBA
Unit rate of payment	\$1791.73	\$1864.03	This is a significant plus for HHAs. The change is mostly due to the reduced behavior adjustment
Behavioral Adjustment	8.01%	4.36%	CMS agreed with the HH community that full changes would not occur in 2020
Therapy utilization	Does not affect payment rate	Does not affect payment rate	HHAs will need to monitor any changes in therapy utilization to ensure no deterioration in patient outcomes



Case Mix Model	432 categories based on clinical and functional measures along with “early” and “late” status and source of admission	432 categories based on clinical and functional measures along with “early” and “late” status and source of admission	Concerns continue on elements of the case mix model, particularly the use of an admission source measure to differentiate case mix weights
LUPA threshold	2-6 visits based on specific case mix classification	2-6 visits based on specific case mix classification	LUPA applies up to, not at the thresholds
RAP	20% of unit rate for 2020; new HHA not qualified for RAP; no RAP in 2021	20% of unit rate for 2020; new HHA not qualified for RAP; no RAP in 2021	HHAs need to take steps immediately to avoid cash flow problems
Notice of Admission	Starting 2021; penalty for late submission (after 5 days)	RAP will be used to serve NOA purposes through 2021 for all HHAs. Penalties for late submissions. NOA starts in 2022	CMS needs some sort of admission notice to provide information to other providers through the Common Working File

# PDGM Advocacy

- Focus on the behavioral adjustment
- S. 433 (Collins, Kennedy, Stabenow, Cassidy) 30 co-sponsors
- H.R. 2573 (Sewell, Buchanan, Abraham) 136 cosponsors
  - Only permits adjustments after changes occur
  - 2% max or phase-in required
- <https://p2a.co/zr0juwz>
- 2020 rule release may affect outcome of bills

# Question & Answer with Bill Dombi



# Thank You!

The slides and a recording of this webinar will be posted on

[axxess.com/pdgm](https://axxess.com/pdgm)

<https://www.nahc.org/resources-services/regulatory-operational-resources/pdgm-physicians-toolkit/>

