

## 2012 MEDICARE HOME HEALTH PAYMENT CHANGES

On October 31, 2011, the final rule (Rule) to update the Home Health Prospective Payment System (HH PPS) for Calendar Year 2012 was published in the *Federal Register*. As a result of the Centers for Medicare & Medicaid Services (CMS) implementing the Rule, home health agencies (HHAs) will experience a decrease in payments of approximately 2.31% in 2012. CMS adjusted the payments based on a provision in the Affordable Care Act that applies a 1% reduction to the 2012 home health market basket and accounts for growth in the aggregate case-mix. CMS also finalized a 3.79% reduction to HH PPS rates for 2012 and an additional 1.32% for 2013. Adjustments are made annually to home health payment rates to account for inflation in the costs of goods and services that are provided by HHAs.

Structural changes were also made by removing certain codes from the case-mix system, lowering payments for high therapy episodes and recalibrating the HH PPS case-mix weights. These changes are intended to increase payment accuracy and reduce growth in the aggregate case-mix.

Under the Rule, it will no longer be necessary for a patient to be seen by a certifying physician or an allowed non-physician in order to qualify for home health services. If a patient has recently been under the care of a physician in an acute or post-acute care facility, the physician can inform the certifying physician; thus, eliminating the need for the certifying physician to see the patient.

Additionally, under provisions of the Deficit Reduction Act of 2005, HHAs receive an adjustment to their payments based upon their submission of quality data. Therefore, if an HHA submits the required data, it will receive a payment update of 1.4% for 2012. If an HHA does not submit the required data, it will experience a negative payment update of -0.6% for 2012.

If you have questions or concerns regarding the foregoing or would like additional information, please contact your regular Hall Render attorney, or Todd Selby at [tselby@hallrender.com](mailto:tselby@hallrender.com) or 317.977.1440; Brian Jent at [bjent@hallrender.com](mailto:bjent@hallrender.com) or 317.977.1402; or David Bufford at [dbufford@hallrender.com](mailto:dbufford@hallrender.com) or 502.568.9368.