Medicare Learning Network
MLN Matters®
CMS
Information for Medicare Fee-for-Service Health Care Professionals

News Flash – The Centers for Medicare & Medicaid Services (CMS) is listening and wants to hear from you about the services provided by your Medicare Fee-for-Service (FFS) contractor that processes and pays your Medicare claims. CMS is preparing to conduct the fifth annual Medicare Contractor Provider Satisfaction Survey (MCPSS). This survey offers Medicare FFS providers and suppliers an opportunity to give CMS feedback on their interactions with Medicare FFS contractors related to seven key business functions: Provider Inquiries, Provider Outreach & Education, Claims Processing, Appeals, Provider Enrollment, Medical Review, and Provider Audit & Reimbursement. The survey will be sent to a random sample of approximately 30,000 Medicare FFS providers and suppliers. Those who are selected to participate in the 2010 MCPSS will be notified starting in January. If you are selected to participate, please take a few minutes to complete this important survey. Providers and suppliers can complete the survey on the Internet via a secure website or by mail, fax, or telephone. To learn more about the MCPSS, please visit *http://www.cms.hhs.gov/MCPSS* on the CMS website.

MLN Matters® Number: MM6759 Revised
Related Change Request (CR) #: 6759
Related CR Release Date: December 23, 2009
Effective Date: January 1, 2010
Related CR Transmittal #: R1883CP
Implementation Date: January 25, 2010

Limitation on Home Health Prospective Payment System (HH PPS) Outlier Payments

Note: This article was revised on May 17, 2011 to add a reference to MLN Matters® article MM7395 (http://www.cms.gov/MLNMattersArticles/downloads/MM7395.pdf) for an explanation of the calculation errors that have affected Home Health PPS outlier payments, and how Medicare will adjust any claim paid for dates of service since January 1, 2010. All other information is the same.

Provider Types Affected

Home Health Agencies (HHAs) submitting bills to Regional Home Health Intermediaries (RHHI) for services to Medicare beneficiaries are affected.

Provider Action Needed

This article, based on CR 6759, provides HHAs with public notification of the 10 percent annual cap on outlier payments that is effective January 1, 2010. Medicare RHHIs will implement the claims processing requirements for the outlier limitations provided in the update to the "Medicare Claims Processing Manual", Chapter 10.

The manual update is available as part of the official instruction CR 6759 (see additional information section below for the Web address of CR6759). You should ensure that your billing staffs are aware of this change.

Background

Both the Notice of Proposed Rulemaking (NPRM) and Final Rule regarding 2010 HH PPS payment updates included discussions of the outlier policy. Those rules outlined the rationale for revising outlier payments for calendar year (CY) 2010 to include an annual limitation on outlier payments that can be paid to each home health agency (HHA). Effective January 1, 2010, for CY 2010, the outlier payments made to each HHA will be subject to an annual limitation. Medicare systems will ensure that outlier payments comprise no more than 10% of the HHA's total HH PPS payments for the year.

Note that Medicare will not pay partial outlier payments. Outlier payments will be made for a particular claim only if the entire outlier payment on a claim does not result in the limitation being met for an HHA. When a calculated outlier is not paid due to the limitation, the HHA will be notified via claim adjustment reason code 45 (Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement.) on the accompanying remittance advice.

Quarterly Reconciliation

Since the payment of subsequent claims may change whether an HHA has exceeded the limitation, Medicare will conduct a quarterly reconciliation process. All claims where an outlier amount was calculated but not paid when the claim was first processed will be reprocessed. If the outlier can be paid, the claim will be adjusted to increase the payment by the outlier amount.

This quarterly reconciliation process occurs after each calendar quarter has ended and an additional month has elapsed to allow claims for that quarter to be received. For example, the first calendar quarter ends March 30. Claims for HH PPS episodes ending in the first quarter continue to be received in April. The reconciliation process will begin in May.

Additional Information

If you have questions, please contact your Medicare RHHI at their toll-free number which may be found at http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip on the Centers for Medicare & Medicaid Services (CMS) website. The official instruction, CR 6759, issued to your RHHI regarding this change, may be viewed at http://www.cms.hhs.gov/Transmittals/downloads/R1883CP.pdf on the CMS

website. This instruction contains the updates added to the "Medicare Claims Processing Manual", Chapter 10.

The final regulation CMS-1560-F, Home Health Prospective Payment System Rate Update is available at http://www.cms.hhs.gov/HomeHealthPPS/HHPPSRN/itemdetail.asp?filterType=none&filterByDID=0&sortByDID=3&sortOrder=ascending&itemID=CMS1230142&intNumPerPage=10 on the CMS website.

The Medicare Learning Network product catalog contains a fact sheet, entitled *Home Health Prospective Payment System*, which provides information about coverage of home health services and elements of the Home Health Prospective Payment System. The fact sheet is available at http://www.cms.hhs.gov/MLNProducts/downloads/HomeHlthProsPaymt.pdf on the CMS website.