

# MEDICARE PAYMENT FACT SHEET

JULY 2023

## CALENDAR YEAR 2024 MEDICARE HOME HEALTH PPS PROPOSED RULE – CMS-1780-P

On July 10, the Centers for Medicare & Medicaid Services (CMS) published its annual [proposed rule](#) updating the Home Health Prospective Payment System (HH PPS) for calendar year 2024 (CY24) - Jan. 1, 2024 through Dec. 31, 2024. Comments are due on August 29.

### Proposed Rate Update

CMS proposed a net rate update of -2.2% (\$375 million decrease). This reflects a market basket update of 3%, a 0.3 percentage point productivity decrease, an estimated -5.1% behavioral adjustment to achieve budget neutrality due to the transition to the Patient-Driven Groupings Model (PDGM) (\$870 million decrease), and an estimated 0.2% increase to the fixed-dollar loss (FDL) ratio for outlier payments. Home health agencies (HHAs) that do not submit required quality data are subject to a 2 percentage point reduction in their payment rate, resulting in a net rate update of -4.2%.

### Proposed CY24 Payment Rates for 30-Day Periods

| CY23 30-Day Payment | CY24 30-Day Payment | CY24 30-Day Payment, No Quality Data |
|---------------------|---------------------|--------------------------------------|
| \$2,010.69          | \$1,974.38          | \$1,935.93                           |

### Proposed CY24 National Per-Visit Payment Amounts

| HH Discipline             | CY23 Per-Visit Payment | CY24 Per-Visit Payments | CY24 Per Visit Payments, No Quality Data |
|---------------------------|------------------------|-------------------------|--|
| Home Health Aide          | \$73.93                | \$76.03                 | \$74.55                                  |
| Medical Social Services   | \$261.72               | \$269.16                | \$263.92                                 |
| Occupational Therapy      | \$179.70               | \$184.81                | \$181.21                                 |
| Physical Therapy          | \$178.47               | \$183.55                | \$179.97                                 |
| Skilled Nursing           | \$163.29               | \$167.93                | \$164.66                                 |
| Speech-Language Pathology | \$194.00               | \$199.52                | \$195.63                                 |

In the CY23 HH PPS final rule, using CY20 and 2021 claims, CMS finalized a methodology for analyzing the differences between assumed versus actual behavior changes on estimated aggregate expenditures and calculated levels of actual and estimated aggregate expenditures. Based on analyses of CY20 and CY21 claims data, CMS determined a permanent adjustment was needed. In CY23, CMS finalized implementing half (-3.925 percent) of the permanent adjustment estimated at the time (-7.85 percent).

For the CY24 HH PPS proposed rule, using updated CY22 claims and the methodology finalized in the CY23 HH PPS final rule, CMS determined that Medicare paid more under the new system than it would have under the old system. As such, CMS is proposing an additional permanent adjustment percentage of -5.653 percent in CY24 to address the differences in the aggregate expenditures. The proposed permanent adjustment of -5.653 percent includes the remaining -3.925 percent (to account for CY20 and CY21) not applied to the CY23 payment rate and accounts for actual behavior changes in CY22.

### LUPA Thresholds and Case Mix Weights

CMS proposed recalibrating the case-mix weights (including the functional levels and comorbidity adjustment subgroups) and LUPA thresholds using CY22 data to more accurately pay for the types of patients HHAs are serving.

### High Cost Outliers and FDL Ratio

CMS proposed a 0.2% increase to the FDL ratio for outlier payments. By law, CMS limits outlier payments to 2.5% of total HH PPS payments.

### Wage Index

CMS proposed a continuation of the permanent 5% cap on negative wage index changes, meaning an HHA’s wage index would not be less than 95% of its wage index from the previous year regardless of the circumstances causing a wage index decline.

CMS proposed continued use of the inpatient hospital wage index data in developing HH payments. The proposed CY23 HH wage indexes for Illinois core-based statistical areas (CBSAs) are below:

CY24 Proposed Illinois HH Wage Indexes by CBSA

| CBSA                        | Proposed Wage Index |
|-----------------------------|---------------------|
| Bloomington                 | 0.8785              |
| Cape Girardeau              | 0.7649              |
| Carbondale-Marion           | 0.8154              |
| Champaign-Urbana            | 0.8909              |
| Chicago-Naperville-Evanston | 1.0431              |
| Danville                    | 0.9299              |
| Decatur                     | 0.8806              |
| Elgin                       | 1.0294              |
| Kankakee                    | 0.9156              |
| Lake County                 | 0.9879              |
| Peoria                      | 0.8281              |
| Rock Island-Moline          | 0.7896              |
| Rockford                    | 0.9350              |
| Springfield                 | 0.9167              |
| St. Louis                   | 0.9406              |
| Rural                       | 0.8335              |

## HH QRP

HHAs that do not successfully participate in the HH quality reporting program (QRP) are subject to a 2 percentage point reduction to their market basket update. Measures currently adopted for the CY24 HH QRP are listed in [Table C1](#) in the proposed rule.

CMS proposed the adoption of the following measures:

1. COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date (Patient/Resident COVID-19 Vaccine) measure beginning with the CY25 HH QRP.
2. Functional Discharge Score (DC Function) measure beginning with the CY25 HH QRP.

CMS proposed the removal of the following measures:

1. Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (Application of Functional Assessment/Care Plan) measure beginning with the CY25 HH QRP.
2. Two OASIS items: M0110 – Episode Timing and M2220 – Therapy Needs items.

CMS proposed the public reporting of four measures:

1. Discharge Function;
2. Transfer of Health (TOH) Information to the Provider—Post-Acute Care (PAC) Measure (TOH-Provider);
3. Transfer of Health (TOH) Information to the Patient—Post-Acute Care (PAC); and
4. COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date.

CMS is also making technical changes to codify the requirement that HHAs must meet or exceed a data submission threshold set at 90% of all required OASIS data and submit the data through the CMS-designated data submission systems.

## HH VBP Model

CMS proposed to:

- Codify in the Code of Federal Regulations the measure removal factors finalized in the CY22 HH PPS final rule;
- Replace the two Total Normalized Composite Measures (for Self-Care and Mobility) with the Discharge Function Score measure effective Jan. 1, 2025;
- Replace the OASIS-based Discharge to Community (DTC) measure with the claims-based Discharge to Community-Post Acute Care (PAC) Measure for Home Health Agencies effective, Jan. 1, 2025;
- Replace the claims-based Acute Care Hospitalization During the First 60 Days of Home Health Use and the Emergency Department Use without Hospitalization During the First 60 Days of Home Health measures with the claims-based the Potentially Preventable Hospitalization measure effective Jan. 1, 2025;

- Change the weights of individual measures due to the change in the total number of measures; and
- Beginning with performance year CY25, updating the Model baseline year to CY23 for all applicable measures in the proposed measure set, including those measures included in the current measure set with the exception of the 2-year DTC-PAC measure, which would be CY22 and CY23.

Finally, CMS proposed adding an additional opportunity to request a reconsideration of the annual Total Performance Score (TPS) and payment adjustment, a reminder that public reporting of HH VBP performance data and payment adjustments will begin in December 2024. CMS requests comments on specific actions it can take through the national HH VBP Model to address healthcare disparities and advance health equity.

#### [RFI on Access to Home Health Aide Services](#)

CMS solicits comments regarding information related to ensuring the appropriate access to and provision of home health aide services for all beneficiaries receiving care under the home health benefit. Included in the request is feedback on what barriers may be impeding access to home health aides.

[Contact us](#) with questions.

#### Sources:

Centers for Medicare & Medicaid Services. CY24 Home Health Prospective Payment System Rate Update; Home Health Quality Reporting Requirements; and Home Health Value-Based Purchasing Expanded Model Requirements. CMS-1780-P. Available from: <https://www.federalregister.gov/documents/2023/07/10/2023-14044/medicare-program-calendar-year-cy-2024-home-health-hh-prospective-payment-system-rate-update-hh>. Accessed July 18, 2023

Centers for Medicare & Medicaid Services. CY24 Proposed HH PPS Downloads. Available from: <https://www.cms.gov/medicare/medicare-fee-service-payment/homehealthpps/home-health-prospective-payment-system/cms-1780-p>. Accessed July 18, 2023.