

New rule for home health prospective payment system

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A new rule proposing changes to the Medicare home health prospective payment system is set to reduce costs for calendar year 2014, according to a report issued by the Centers for Medicare & Medicaid Services.

(HealthDay)—A new rule proposing changes to the Medicare home health prospective payment system (HH PPS) is set to reduce costs for calendar year 2014, according to a report issued by the Centers for Medicare & Medicaid Services (CMS).

Based on the most recent data available, the CMS estimates that, in 2012, about 3.5 million beneficiaries received home health services from nearly 12,000 home health agencies, at a cost of approximately \$18.2 billion. With implementation of the policies proposed in the new rule, Medicare payments to home health agencies are expected to be reduced by 1.5 percent (\$290 million) in 2014.

Under the proposed rule, two categories of International Classification of Diseases Version 9 codes would be removed from the HH PPS: codes

for conditions that are too acute for home care and diagnosis codes for conditions that would not affect the [home health](#) plan of care. The new rule also suggests a 3.5 percent reduction to the national, standardized 60-day episode rate; this reduction reflects the observed decrease in the number of visits per episode since establishment of HH PPS. Additional changes proposed by the rule include a 3.5 percent increase in the per-visit [payment](#) rates; a decrease in the non-routine medical supplies conversion factor; addition of claims-based quality measures; and cost allocation for Home Health Agency Surveys.

"The CMS today announced proposed changes to the Medicare HH PPS for calendar year 2014 that would foster greater efficiency, flexibility, payment accuracy, and improved quality," according to the report.

More information: [More Information](#)

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