PPS Policy Changes for CY 2017

Made Easy!

Presented by
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Lisa McGuire, Virtua

Agenda

- Negative Pressure Wound Therapy (NPWT)
- Outlier Calculations
- New HCPCS codes for RN and LPN
- Open Discussion
Negative Pressure Wound Therapy (NPWT)

Negative Pressure Wound Therapy

Background
(for Home Health to bill)
Background

- **Consolidated Appropriations Act of 2016 (Pub L 114-113)**
  - requires a separate payment to be made to Home Health Agencies (HHAs) for disposable NPWT devices when furnished, on or after January 1, 2017, to an individual who receives home health services for which payment is made under the Medicare home health benefit.

- **Consolidated Appropriations Act of 2016 (Pub L 114-113) (con’t)**
  - payment amount for an applicable disposable device will be set equal to the amount of the payment that would otherwise be made under the Medicare Hospital Outpatient Prospective Payment System (OPPS)....

  - ...CPT codes 97607 & 97608 (APC 5052) include payment for both performing the service and the disposable NPWT device.”
Background

➢ CPT codes definitions

➢ HCPCS 97607 - Negative pressure wound therapy, (e.g., vacuum assisted drainage collection), utilizing disposable, non-durable medical equipment including provision of exudate management collection system, topical application(s), wound assessment, and instructions for ongoing care, per session; total wound(s) surface area less than or equal to 50 square centimeters.

➢ HCPCS 97608 - Negative pressure wound therapy,...; total wound(s) surface area greater than 50 square centimeters

Negative Pressure Wound Therapy

Data elements for billing
Data elements for billing

- **Eligibility**
  - When doing eligibility, confirm that patient has benefits under Medicare Part B
  - Modify intake package to indicate NPWT will be assessed a 20% co-pay.
  - The patient needs to meet the home health requirements (i.e., home bound status)

Data elements for billing

- **Visit Designation**
  - Clinicians that can apply NPWT
    - Skilled Nurse/LPN
    - Physical Therapy
    - Occupational Therapy
Data elements for billing

- **Visit Designation** (examples)
  - If the sole purpose of the HHA visit is to perform NPWT using a disposable device (integrated system of a vacuum pump, receptacle for collecting exudate, and dressings for the purposes of wound therapy), Medicare will **not** pay for a skilled nursing or therapy visit under the HH PPS.
  - This visit would be paid under Medicare Part B.
Data elements for billing

Visit Designation
- If a NPWT visit is done in conjunction with other services associated with the home health episode, the visits will need to be split into two separate visits.
- The NPWT will always be billed on a separate claim.

Software challenges
- Creating new plan for Medicare Part B and 837 file with correct locator information
- Adding new OPPS wage index
- Creating new service codes to indicate NPWT
- Educating clinicians to separate HH visit and NPWT visit
Negative Pressure Wound Therapy

Billing to Medicare Part B

- Pre-Billing
  - Add National Rate for NPWT (APC 5052)
  - 97607 & 97608 = $292.49 (CY 2017)
  - Add OPPS wage index for all CBSA’s
    - FY 2017 Final Rule Wage Index Public Use File - CBSA occ mix
      https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Wage-Index-Files-Items/FY2017-Wage-Index-Home-Page.html
  - Add new labor index (60%) to adjust the rate
Billing to Medicare Part B

- Pre-Billing (con’t)
  - Ensure new service codes billing to Medicare B plan
  - Only 1 (one) charge per 7 days
  - Ensure that your provider’s Medicare episode is established (ie a RAP is billed/paid and CWF is updated)

Billing to Medicare Part B

- Billing
  - Type of Bill = 34X
  - CBSA
  - Revenue codes
    - 559  SN or LPN
    - 42X  PT
    - 43X  OT
  - CPT codes
    - 97607  wound is <\=50 sq cm
    - 97608  wound is >50 sq cm
Billing to Medicare Part B

- Billing
  - Units – always 1 (one) to indicate # of devices administered that visit
  - Record all secondary insurances
    - Medicare will forward the 20% co-pay balance to the insurance plan listed on the claim
  - Billing can be billed weekly or monthly
    - Exception – separate bills by episode
    - Episode must be established
  - Send claim to same intermediary as home health

- Payment
  - National 2017 rate for 97607 & 97607 - $292.49
    - Needs to be wage adjusted to CBSA of patient
  - Labor portion is 60%
  - Patient copay assessed at 20%
  - 2% sequestration still applies
  - Payment covers the device as well as the clinician’s time
  - Hospital Outpatient Prospective Payment System
Billing to Medicare Part B

- **Payment**
  - Example – CBSA 35614
    (Bergen, Hudson, Middlesex, Monmouth, Ocean & Passaic counties)
  - 35614 Wage index (OPPS) – 1.3040
  - Calculation
    $292.49 \times 60\% \times 1.3040 = \$228.84$ (labor portion)
    $292.49 \times 40\% = \$116.99$ (non-labor portion)
    $228.84 + 116.99 = \$345.84$
    (total wage adjusted reimbursement)
    (subject to 20% copay & 2% sequestration)

Outlier Calculations
Background

➢ The Report to Congress on home health access to care and payment for vulnerable patient populations (required per Section 3131(d) of the Affordable Care Act), indicated that HHAs can make a profit on outlier episodes by providing shorter visits than what is assumed in the national per-visit rates.

➢ Analysis of calendar year 2015 data...agencies with 5 percent or more of their total payments as outlier payments are providing shorter but more frequent skilled nursing visits ...

(excerpts from MM9736)

Background

➢ Therefore, CMS is changing the methodology used to calculate outlier payments to a cost per unit approach rather than a cost per visit approach.

(excerpts from MM9736)
Limitations (CAP)

- **Annual Limitations**
  - CAP at 10% of the HHAs total HH PPS payments for the year
  - Track outliers on line

Limitations (CAP)

- **Limitations per episode**
  - CAP of 32 units (8 hours) summed across the six disciplines of care per date of service
  - Example
    If an HHA provided 4.5 hours of skilled nursing and 4.5 hours of home health aide services, all 4.5 hours of skilled nursing would be counted in the episode's estimated cost (8 hours – 4.5 hours = 3.5 hours) since home health aide services has a lower cost-per-unit than skilled nursing services.
Cost per unit payment rates for the calculation of the Outlier payments

<table>
<thead>
<tr>
<th>Visit Type</th>
<th>CY 2017 LUPA rate (that do submit quality data)</th>
<th>Average minutes per visit</th>
<th>Cost per unit (15-min unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home health aide</td>
<td>$64.23</td>
<td>63.0</td>
<td>$15.29</td>
</tr>
<tr>
<td>Medical Social Services</td>
<td>$227.36</td>
<td>56.5</td>
<td>$60.36</td>
</tr>
<tr>
<td>Occupational Therapy</td>
<td>$156.11</td>
<td>47.1</td>
<td>$49.72</td>
</tr>
<tr>
<td>Physical Therapy</td>
<td>$155.05</td>
<td>46.6</td>
<td>$49.91</td>
</tr>
<tr>
<td>Skilled Nursing</td>
<td>$141.84</td>
<td>44.8</td>
<td>$47.49</td>
</tr>
<tr>
<td>Speech-language Pathology</td>
<td>$168.52</td>
<td>48.1</td>
<td>$52.55</td>
</tr>
</tbody>
</table>

Definition of 15-minute unit

<table>
<thead>
<tr>
<th>Unit</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;23 minutes</td>
</tr>
<tr>
<td>2</td>
<td>23 minutes to &lt;38 minutes</td>
</tr>
<tr>
<td>3</td>
<td>38 minutes to &lt;53 minutes</td>
</tr>
<tr>
<td>4</td>
<td>53 minutes to &lt;68 minutes</td>
</tr>
<tr>
<td>5</td>
<td>68 minutes to &lt;83 minutes</td>
</tr>
</tbody>
</table>
## Calculation

<table>
<thead>
<tr>
<th>PPS 2017- (35614)</th>
<th>Standard Rate/Wage Adjusted</th>
<th># of units</th>
<th>totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardized PPS Rate</td>
<td>$2,000.97</td>
<td>HHA</td>
<td>15.29</td>
</tr>
<tr>
<td>Wage Index Factor</td>
<td>1.2088</td>
<td>MSW</td>
<td>60.26</td>
</tr>
<tr>
<td>Labor Portion of PPS Rate</td>
<td>0.7658</td>
<td>OT</td>
<td>40.72</td>
</tr>
<tr>
<td>Wage Adjusted PPS Rate</td>
<td>$3,688.12</td>
<td>PT</td>
<td>40.91</td>
</tr>
<tr>
<td>Fixed Dollar Loss percentage</td>
<td>0.55</td>
<td>SN</td>
<td>47.49</td>
</tr>
<tr>
<td>Fixed Dollar Loss Amount</td>
<td>$2,017.47</td>
<td>ST</td>
<td>52.66</td>
</tr>
</tbody>
</table>

Total wage adjusted visits: $ 4,514.48

### New HCPCS codes for RN and LPN

![NEW G-CODES](image)
Background

- **RN vs LPN**
  - Effective for January 1, 2016, CMS divided the G0154 code into two different codes (codes G0299 and G0300) that differentiate RN from LPN and may be used in both HH and hospice settings. This change was made in order to furnish a hospice add-on payment that is only payable for RN visits (not LPN visits) through the Service Intensity Add-on Payment.
  - Since CMS has begun differentiating direct skilled nursing using the two new G-codes (codes G0299 and G0300), CMS believes it is appropriate to differentiate G0163 and G0164 as well so that there is no longer a need to use an assumption in calculating the cost per episode when those two services are performed, allowing for increased payment precision.

(excerpts from MM9736)

New G codes eff 1/1/17

- Elimination of the following HCPCS
  - G0163 - observation and assessment of the patient’s condition
  - G0164 - training and/or education of a patient or family member
New G codes eff 1/1/17

- Replacement of G0163
- **G0493** - Skilled services of a registered nurse (RN) for the observation and assessment of the patient’s condition, each 15 minutes (the change in the patient’s condition requires skilled nursing personnel to identify and evaluate the patient’s need for possible modification of treatment in the home health or hospice setting).
- **G0494** - Skilled services of a licensed practical nurse (LPN) for the observation and assessment of the patient’s condition, each 15 minutes (the change in the patient’s condition requires skilled nursing personnel to identify and evaluate the patient’s need for possible modification of treatment in the home health or hospice setting).

New G codes eff 1/1/17

- Replacement of G0164
- **G0495** - Skilled services of a registered nurse (RN), in the training and/or education of a patient or family member, in the home health or hospice setting, each 15 minutes.
- **G0496** - Skilled services of a licensed practical nurse (LPN), in the training and/or education of a patient or family member, in the home health or hospice setting, each 15 minutes.
Open Discussion

We want to hear your concerns with any of the following:

- NPWT setup or denials
- Outlier validation
- Use of new HCPCS codes

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