



What a BPCI-A Episode Initiator Needs to Know

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# Patient-Driven Groupings Model (PDGM) for Home Health

VBCU Webinar  
January 17, 2020

# Agenda



PDGM Overview

What a BPCI-A Episode Initiator Needs to Know

# Facilitators



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President



# CY2020 Final Medicare Home Health Rate Rule...Plus

- Published October 31, 2019
- <https://www.federalregister.gov/documents/2019/11/08/2019-24026/medicare-and-medicaid-programs-cy-2020-home-health-prospective-payment-system-rate-update-home>
- Includes:
  - 2020 Payment Model Reform (PDGM)
  - CY 2020 HHPPS rates (1.5% increase over 2019)
  - 2020 Rural add-on
  - HHVBP demonstration program public reporting
  - Quality measures and patient assessment modifications
  - 2021 Home Infusion Therapy benefit restated
  - Therapist assistants permitted to provide maintenance therapy
  - Reduction of POC requirements as conditions of payment

# PDGM Origins: Bipartisan Budget Act of 2018 (BiBA)

- P.L. 115-123, Section 51001
- Mandates payment model reform
  - 2020
  - Budget neutral transition
  - Behavioral adjustment guardrails
  - Stakeholder involvement
  - Prohibits therapy volume thresholds for payment amount
  - 30-day payment unit
- MBI (inflation update) set at 1.5% in 2020 (P.L. 115-123, Section 53110)

# Medicare Home Health Payment Reform: 2020

- **PDGM architecture finalized in 2019 rulemaking**
- **2020 Rule sets out:**
  - **Payment rates**
  - **Revised behavioral adjustment**
  - **Outlier standards**
  - **Updated wage index**
  - **Recalibrated case mix weights**
  - **RAP changes**
  - **Notice of Admission requirement**

# 2020 PDGM Model Basics

- **Patient-Driven Groupings Model (PDGM)**
  - 30-day payment unit
  - Therapy utilization domain of HHPPS dropped
  - 432 payment groups
  - Episode timing: “early” or “late”
  - Admission source: community or institutional
  - Six Clinical groupings (plus subgroups in MMTA)
  - Functional level (OASIS based)
  - Comorbidity adjustment: secondary diagnosis based
  - LUPA range of 2-6 visits
  - Bundled services and supplies
  - Case mix weights recalibrated from 2018 version

# 2020 PDGM Base Rates

- **30-day payment unit: \$1864.03**
  - estimated CY2020 30-day period cost of \$1,608.82 (+11%)
  - CY 2020 estimated 30-day budget neutral payment amount of \$1,824.99 (pre-required 1.5% update in BiBA 2018)



# Behavioral Adjustment

- Proposal maintains framework for behavioral adjustment
  - Clinical Group -6.40% (-5.91%)
  - Comorbidity -0.25% (-0.37%)
  - LUPA -1.88% (-1.86%)
- Increases adjustment to 8.389% from 8.01% due to inclusion of additional diagnoses
- CMS reduced the adjustment to 4.36% based on determination that only 50% of the 2020 payment periods would be affected by behavior changes
  - \$700M in value to HHAs in 2020

# Rural Add-On

- **Revised by BiBA 2018**
  - **Low Population Density HHAs (counties with 6 or fewer people per square mile)**
    - 4% add-on in 2019
    - **3% add-on in 2020**
    - 2% add-on in 2021
    - 1% add-on in 2022
  - **High utilization counties (top quartile of utilization on average)**
    - 1.5% add-on in 2019
    - **.5% add-on in 2020**
  - **All other rural areas**
    - 3% add-on in 2019
    - **2% add-on in 2020**
    - 1% add-on in 2021

# Outlier

- **2019 formula continued**
  - 15 minute unit approach
- **FDL increases from 0.51 to 0.56**
  - Decreases volume of outlier claims

# RAP Phase-Out

- **No RAP in 2020 for new HHAs**
- **Existing HHAs get reduced RAP at 20% in 2020**
- **No RAPs for any HHA starting 2021**
- **CMS concerns on fraud and abuse**
- **CMS view that 30-day billing obviates need for RAP**
- **RAP submissions required through 2021 as substitute for NOA; penalty for late RAP submission (5 days) starting in 2021.**

**PDGM: Side-by-Side Comparison-Proposed vs. Final Rule**

SUBJECT AREA	PROPOSED RULE	FINAL RULE	COMMENT
Start Date	1/1/20	1/1/20	Cert periods beginning 1/1/20 and later
Unit of Payment	30 day	30 day	Mandated by BiBA
Unit rate of payment	\$1791.73	\$1864.03	This is a significant plus for HHAs. The change is mostly due to the reduced behavior adjustment
Behavioral Adjustment	8.01%	4.36%	CMS agreed with the HH community that full changes would not occur in 2020
Therapy utilization	Does not affect payment rate	Does not affect payment rate	HHAs will need to monitor any changes in therapy utilization to ensure no deterioration in patient outcomes

Case Mix Model	432 categories based on clinical and functional measures along with “early” and “late” status and source of admission	432 categories based on clinical and functional measures along with “early” and “late” status and source of admission	Concerns continue on elements of the case mix model, particularly the use of an admission source measure to differentiate case mix weights
LUPA threshold	2-6 visits based on specific case mix classification	2-6 visits based on specific case mix classification	LUPA applies up to, not at the thresholds
RAP	20% of unit rate for 2020; new HHA not qualified for RAP; no RAP in 2021	20% of unit rate for 2020; new HHA not qualified for RAP; no RAP in 2021	HHAs need to take steps immediately to avoid cash flow problems
Notice of Admission	Starting 2021; penalty for late submission (after 5 days)	RAP will be used to serve NOA purposes through 2012 for all HHAs. Penalties for late submissions. NOA starts in 2022	CMS needs some sort of admission notice to provide information to other providers through the Common Working File

# PDGM: CONCLUSIONS

- **PDGM brings important changes that may affect both patients and business interests**
- **A balanced patient mix helps bring stability**
- **Full scope of the home health benefit still in place**
- **Thoughtful transformation is essential**

# Agenda

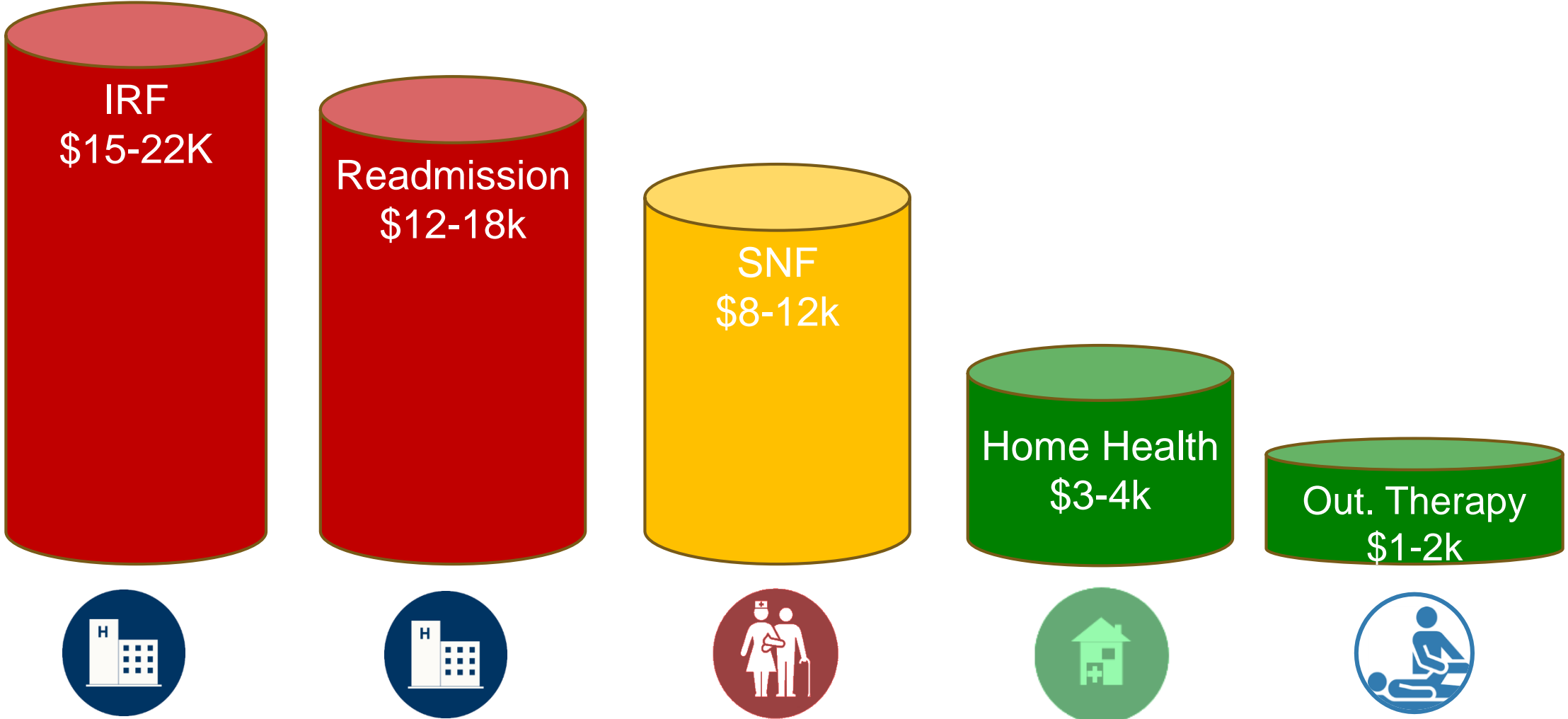
PDGM Overview



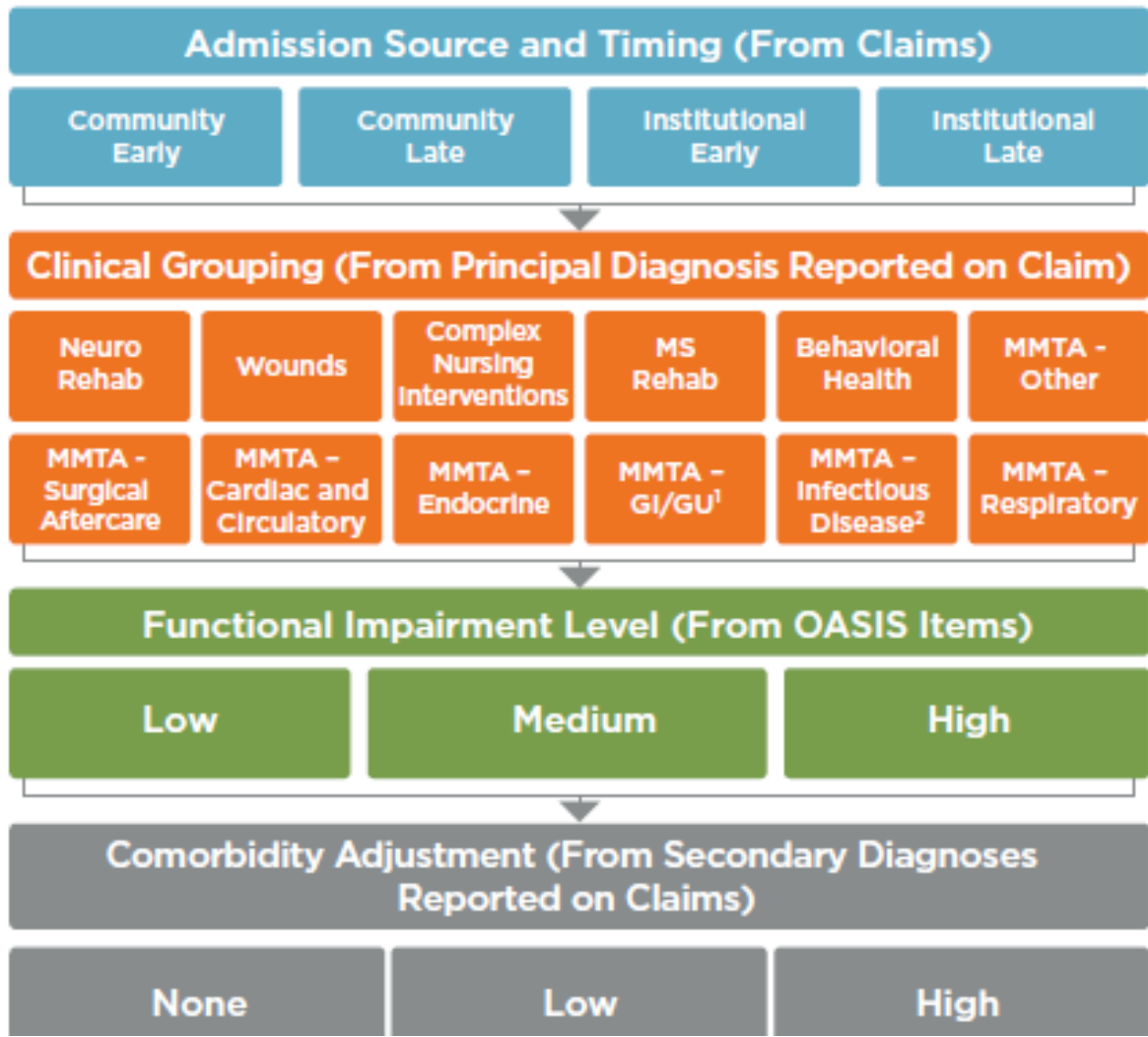
What a BPCI-A Episode Initiator Needs to Know



# HH is a Key to Our Success



# Composition of PDGM Payment



# What Stays the Same

1. Homebound
2. PPS
3. OASIS
4. Scope of benefits remains the same, including coverage of all Therapies
5. Fusion5 Home Health Performance Network Guidelines

# What Changes

## 1. Financial:

- RAP now 20/80 (was 60/40), and RAPs phase out in 2021
- Two RAPs, Two Final Bills in 60-days, i.e. q 30 for billing (more work)
- Some ICD10 codes will be rejected under PDGM (general muscle weakness, history of falls)
- LUPA threshold now 2-6 visits each 30-day episode (most being 3-4) (was <4 for 60)
- Higher rates for: 1) Institutional vs Community Admission Source (acute or post-acute within prior 14-days), 2) Functional Impairment and Levels, 3) Comorbidity Adjustments
- CMS will be monitoring to assure: 1) Therapy Utilization remains consistent with historical average, 2) Elevated secondary diagnoses

## 2. Therapy:

- Therapy Thresholds prohibited (mandated by Congress)

# Analysis of Impacts

## 1. **Some HHAs Will be Adversely Affected:**

- Range of estimates on how many HHAs will fail (budget neutral)
- Cashflow for HHAs: a) RAPs being phased out (60/40 to 20/80 to 0), b) denials of claims w/out primary dx (just symptom codes), etc.
- Geography: because of the Rural Add-On phase out, the highest risk for HHAs failing will be in rural areas

## 2. **PDGM takes a more functional (ADLs) and Clinical View of the Patient**

a. Therapy Visit Thresholds Eliminated

b. Wound is a new Clinical Group

c. Clinical Grouping/Primary Diagnosis, Functional Level, Comorbidities, Admission Source and Timing drive reimbursement (vs Therapy Visits)

d. Nursing to become more involved in the episode

# Impacts, cont...

## 3. Horizon:

a. HHAs likely to take on more specialty-specific programs:

- Wound care
- Respiratory
- Cardiac
- Neuro
- Ostomy

b. HHAs likely to become more diversified in service lines:

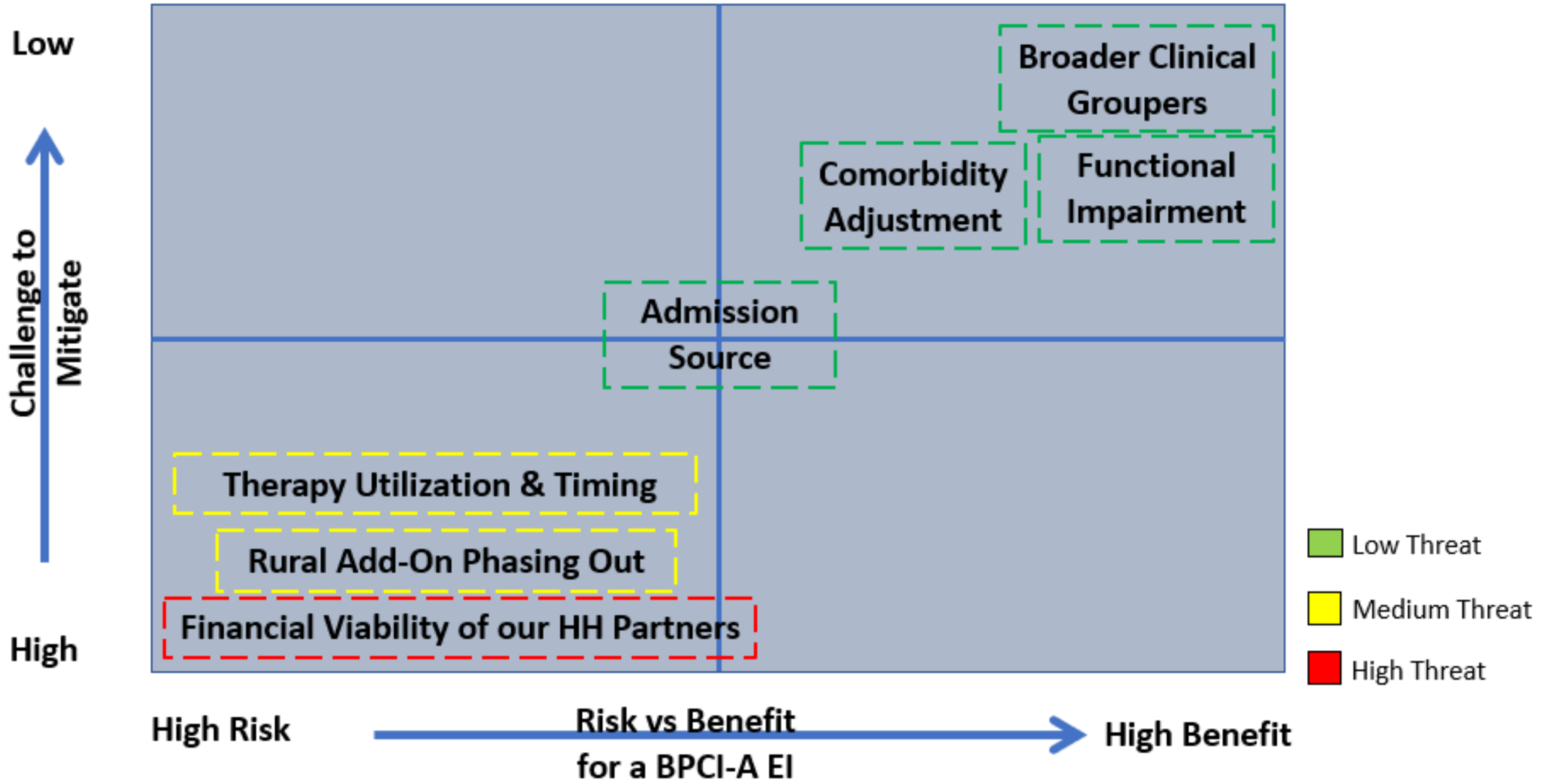
- Non-medical caregiving
- Staffing agency

# Summary of Variables



Fusion5 Analysis: PDGM's Impact on BPCI-A Episode Initiators			
	Effec	Variable	Impact
1		Broader Clinical Groupers	More clinical groupers will help HHAs to increasingly provide care for complex patients
2		Functional Impairment & Comorbidity Adjustments	HHAs will have more likelihood of wanting to admit sicker patients. The focus has needed to shift more toward the whole needs of the patient (vs driven by therapy visits), which PDGM accomplishes via Functional Impairment Level and Comorbidity Adjustments.
3		Admission Source	Admissions from Institutional sources (ACH, LTACH, IRF, SNF) pay the HH a higher rate than admissions from a Community (PGP) source. Because BPCI-A episodes are triggered by IP Institutional anchor hospitalizations or HOPD cases, this will not affect BPCI-A EIs.
4		Therapy Utilization & Timing of Visits	PDGM presents the economic incentive to underutilize therapy, as well as to spread therapy visits across two, 30-day periods (vs frontloading). CMS will be monitoring a HHA's therapy utilization ("Behavioral Adjustment Guardrails") compared to their historical utilization. We need to assure that therapy visits remain at an appropriate level and are still frontloaded if that's what helps the patient the most.
5		Financial Pressure will cause some HHAs to fail, including in rural areas	While PDGM is budget neutral, it does have three elements that can potentially hurt an HHA financially: 1) <b>RAPs being phased out</b> will delay cashflow, particularly if timely claims aren't submitted; 2) <b>Less specific/general ICD10 codes</b> (general weakness, etc.) will now be rejected; 3) <b>Rural Add-On factor</b> will phase out. We need to assure our Performance Network HH providers have strong financial systems to succeed in PDGM, and that rural counties will continue to be served.

# Weights of Variables





## What We Can Do:

- 1. Be a good partner:** provide HHA partners with documentation they need: a) Diagnoses, b) F2F noting need for HH and that reason aligning with reason for the HH Order, c) reply timely to HHA partner's documentation requests (certs, records)
- 2. Assess our Performance Network partners** and assure they have the cashflow and means to do well in PDGM
- 3. PN Guidelines Remain the Same:** seeing patients within 24h, weekly progress reports, etc.

# Checklist to Assure Continued HH Network Integrity:

## Ask your HH Partners:

1. Do you anticipate lowering your # of therapy visits for some cases in PDGM, such as orthopedic cases?
2. Are you prepared financially and operationally to succeed in PDGM?
  - (RAPs phase out, general/less specific ICD10 codes being rejected, takeaway of the Rural Add-On)
3. (Rural Providers) Will you be sustaining operations in that rural area?

**Thank You!**

**Questions:**

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