



Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2021

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Note: We revised this article to reflect an updated Change Request (CR 12017) that revised the Policy section (page 4 in this article) and updated the Payment Rate Tables to include information on the cost per-unit table for outlier payments (Table 6). All references to Table 6 in the previous CR (and article) were changed to Table 7. The CR release date, transmittal number and link to the CR were also changed. All other information remains the same.

Provider Types Affected

This MLN Matters Article is for Home Health Agencies (HHAs) billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

Provider Action Needed

This article informs you of updates of several facets related to payments made under the Home Health (HH) Prospective Payment System (PPS). Please make sure your billing staffs are aware of these updates.

Background

Medicare updates the HH PPS rates it pays to HHAs for providing HH services annually as Section 1895(b)(3)(B) of the Social Security Act (the Act) requires. The CY 2021 HH PPS rate update includes changes to:

- The 30-day base payment rates
- The national per-visit amounts
- The cost-per-unit payment amounts used for calculating outlier payments under the HH PPS

This rate update will increase the CY 2021 30-day base payment rates by the appropriate rural add-on percentage prior to applying any case-mix and wage index adjustments, as required by Section 421(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), as amended by Section 50208(a) of the Bipartisan Budget Act (BBA) of 2018. Finally, in CY 2021, the Office of Management and Budget (OMB) statistical areas and the 5-percent cap on wage index decreases under the statutory discretion afforded to the Secretary of the

Department of Health and Human Services (HHS) under Sections 1895(b)(4)(A)(ii) and (B)(4)(C) of the Act will be updated.

Section 1895(b)(3)(B) of the Act requires that standard prospective payment amounts for CY 2021 be increased by a factor equal to the applicable HH market basket update for those HHAs that submit quality data as required by the Secretary. Section 1895(b)(3)(B)(v) of the Act requires that the HH update be decreased by 2 percentage points for those HHAs that do not submit quality data as required by the Secretary.

Section 1886(b)(3)(B)(xi)(II) of the act defines the productivity adjustment to be equal to the 10-year moving average of change in annual economy-wide private nonfarm business Multi-Factor Productivity (MFP). The MFP is projected by the Secretary for the 10-year period ending with the applicable Fiscal Year (FY), CY, cost-reporting period, or other annual period. Sections 1895(b)(4)(A)(ii) and (b)(4)(C) of the Act require the Secretary to provide appropriate adjustments to the proportions of the payment amount under the HH PPS that account for area wage differences, using adjustment factors that reflect the relative level of wages and wage-related costs applicable to the provision of HH services.

Market Basket Update

Based on IHS Global Insights Inc.'s third-quarter 2020 forecast (with historical data through second-quarter 2020), the HH market basket percentage increase for CY 2021 is 2.3 percent. The CY 2021 HH market basket percentage of 2.3 percent is then reduced by an MFP adjustment, as mandated by Section 3401 of the Affordable Care Act, currently estimated to be 0.3 percentage points for CY 2021.

National, Standardized 30-Day Period Payment

As the Centers for Medicare & Medicaid Services (CMS) finalized in the CY 2020 HH PPS final rule, the unit of HH payment changed from a 60-day episode to a 30-day period effective for those 30-day periods beginning on or after January 1, 2020. The CY 2021 national, standardized 30-day period payment rate beginning January 2021 is a 2.0-percent increase. For HHAs that do not submit the required quality data for CY 2021, the HH payment update would be 0.0 percent (2.0 percent minus 2 percentage points). These 30-day payment rates are shown in Tables 1 and 2. The CY 2021 national, standardized 30-day period payment rate is further adjusted by the individual period's case-mix weight and by the applicable wage index.

Table 1 – CY 2021 National, Standardized 30-Day Period Payment Amount

CY 2020 30-Day Budget Neutral (BN) Standard Amount	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update	CY 2021 National, Standardized 30-Day Period Payment
\$1,864.03	X 0.9999	X 1.020	\$1,901.12

Table 2 – CY 2021 National, Standardized 30-Day Period Payment Amount for HHAs that Do Not Submit Quality Data

CY 2020 National, Standardized 30-Day Period Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update Minus 2 Percentage Points	CY 2021 National, Standardized 30-Day Period Payment
\$1,864.03	X 0.9999	X 1.000	\$1,863.84

National Per-Visit Rates

To calculate the CY 2021 national per-visit, CMS started with the CY 2020 national per-visit rate. CMS applies a wage index budget neutrality factor of 0.9997 to ensure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2021 wage index. The per-visit rates are then updated by the CY 2021 HH payment update of 2.0 percent for HHAs that submit the required quality data and by 0.0 percent for HHAs that do not submit quality data. The per-visit rates are show in Tables 3 and 4.

Table 3 – CY 2021 National Per-Visit Payment Amounts

HH Discipline	CY 2020 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update	CY 2021 Per-Visit Treatment
Home Health Aide	\$67.78	X 0.9997	X 1.020	\$69.11
Medical Social Services	\$239.92	X 0.9997	X 1.020	\$244.64
Occupational Therapy	\$164.74	X 0.9997	X 1.020	\$167.98
Physical Therapy	\$163.61	X 0.9997	X 1.020	\$166.83
Skilled Nursing	\$149.68	X 0.9997	X 1.020	\$152.63
Speech-Language Pathology	\$177.84	X 0.9997	X 1.020	\$181.34

Table 4 – CY 2020 National Per-Visit Payment Amounts for HHAs that Do Not Submit Required Quality Data

HH Discipline	CY 2020 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update Minus 2 Percentage Points	CY 2021 Per-Visit Treatment
Home Health Aide	\$67.78	X 0.9997	X 1.000	\$67.76
Medical Social Services	\$239.92	X 0.9997	X 1.000	\$239.85
Occupational Therapy	\$164.74	X 0.9997	X 1.000	\$164.69
Physical Therapy	\$163.61	X 0.9997	X 1.000	\$163.56
Skilled Nursing	\$149.68	X 0.9997	X 1.000	\$149.64
Speech-Language Pathology	\$177.84	X 0.9997	X 1.000	\$177.79

Non-Routine Supply Payments

Payment for Non-Routine Supplies (NRS) is now part of the national, standardized 30-day period rate. Durable Medical Equipment (DME) provided as an HH service (as defined in Section 1861(m) of the Act) is paid the fee schedule amount and is not included in the national, standardized 30-day period payment amount.

Rural Add-On Provision

In the CY 2019 HH PPS final rule (83 FR 56443), CMS finalized policies for the rural add-on payments for CYs 2019-2022, in accordance with Section 50208 of the BBA of 2018. The CY 2019 HH PPS proposed rule (83 FR 32373) described the provisions of the rural add-on payments, the methodology for applying the new payments, and outlined how CMS categorized rural counties (or equivalent areas) based on claims data, the Medicare Beneficiary Summary File and Census data.

The HH PRICER module, located within CMS' claims processing system, will increase the CY 2021 30-day base payment rates by the appropriate rural add-on percentage prior to applying any case-mix and wage index adjustments. The CY 2019-2022 rural add-on percentages outlined in law are shown in Table 5.

Table 5 – HH PPS Rural Add-On Percentages, CYs 2021-2022

Category	CY 2019	CY 2020	CY 2021	CY 2022
High utilization	1.5%	0.5%	None	None
Low population density	4.0%	3.0%	2.0%	1.0%
All other	3.0%	2.0%	1.0%	None

Outlier Payments

The Fixed Dollar Loss (FDL) ratio and the loss-sharing ratio used to calculate outlier payments must be selected so that the estimated total outlier payments do not exceed the 2.5-percent aggregate level (as required by Section 1895(b)(5)(A) of the Act). Historically, CMS has used a value of 0.80 for the loss-sharing ratio, which CMS believes preserves incentives for agencies to attempt to provide care efficiently for outlier cases.

With a loss-sharing ratio of 0.80, Medicare pays 80 percent of the additional estimated costs above the outlier threshold amount. CMS made no changes to the loss-sharing ratio of 0.80 for CY 2021. CMS finalized that the FDL ratio for 30-day periods of care in CY 2020 would need to be set at 0.56 for 30-day periods of care. Given that CY 2020 is the first year of the Patient-Driven Groupings Model (PDGM) and the change to a 30-day unit of payment, for CY 2021, CMS maintained the FDL ratio of 0.56, as finalized for CY 2020.

In the CY 2019 HH PPS final rule with comment period (83 FR 56521), CMS finalized a policy to maintain the current methodology for payment of high-cost outliers upon implementation of the PDGM beginning in CY 2020 and that CMS will calculate payment for high-cost outliers based upon 30-day periods of care. **The per-visit rates are shown in Table 6.**

TABLE 6: COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS

		For HHAs that DO Submit the Required Quality Data	For HHAs that DO Submit the Required Quality Data	For HHAs that DO NOT Submit the Required Quality Data	For HHAs that DO NOT Submit the Required Quality Data
HH Discipline	Average Minutes Per-Visit	CY 2021 Per-Visit Payment	Cost-per-unit (1 unit= 15 minutes)	CY 2021 Per-Visit Payment	Cost-per-unit (1 unit= 15 minutes)
Home Health Aide	63.0	\$ 69.11	\$16.45	\$67.76	\$16.13
Medical Social Services	56.5	\$244.64	\$64.95	\$239.85	\$63.68
Occupational Therapy	47.1	\$167.98	\$53.50	\$164.69	\$52.45
Physical Therapy	46.6	\$166.83	\$53.70	\$163.56	\$52.65
Skilled Nursing	44.8	\$152.63	\$51.10	\$149.64	\$50.10
Speech-Language Pathology	48.1	\$181.34	\$56.55	\$177.79	\$55.44

HH Wage Index

On September 14, 2018, the OMB issued OMB Bulletin No. 18-04, announcing revisions to the delineation of Metropolitan Statistical Areas (MSAs), Micropolitan Statistical Areas, and Combined Statistical Areas, and guidance on uses of each particular area. These revisions will be incorporated into the HH PPS wage index for CY 2021.

For CY 2021, as a transition to help mitigate any significant negative impacts that HHAs may experience due to CMS' proposal to adopt the revised OMB delineations, CMS applied a 5-percent cap on any decrease in a geographic area's wage index value from CY 2020 to CY 2021. Due to the way that the transition wage index is calculated, some Core-Based Statistical Areas (CBSAs) and statewide rural areas will have more than one wage index value associated

with that CBSA or rural area. For example, some counties that change OMB designation will have a wage index value that is different than the wage index value associated with the CBSA or rural area they are moving to because of the transition. However, each county will have only one wage index value.

For counties that correspond to a different transition wage index value, the CBSA number will not be used for CY 2021 claims. These counties are listed in **Table 7**. In these cases, a number other than the CBSA number will be needed to identify the appropriate wage index value for claims for HH care provided in CY 2021. These five-digit numbers begin with “50.” These special 50xxx codes are shown in the last column of the CY 2021 HH PPS wage index file, located at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices>. For counties that do not correspond to a different transition wage index value, the CBSA number will still be used.

Table 7 – List of Counties that Must Use 50XXX Codes for CY 2021 Due to the Wage Index Transition

FIPS County Code	County Name	CBSA FY 2020	CBSA Name CY 2020	Alternate IDs	Name CY 2021
17039	De Witt	14010	Bloomington, IL	50001	Illinois
18143	Scott	31140	Louisville/Jefferson County, KY-IN	50002	Indiana
20149	Pottawatomie	31740	Manhattan, KS	50003	Manhattan, KS
20161	Riley	31740	Manhattan, KS	50003	Manhattan, KS
20095	Kingman	48620	Wichita, KS	50004	Kansas
21223	Trimble	31140	Louisville/Jefferson County, KY-IN	50005	Kentucky
25011	Franklin	99922	Massachusetts	50006	Springfield, MA
26159	Van Buren	28020	Kalamazoo-Portage, MI	50007	Michigan
27143	Sibley	33460	Minneapolis-St. Paul-Bloomington, MN-W	50008	Minnesota
28009	Benton	32820	Memphis, TN-MS-AR	50009	Mississippi
30037	Golden Valley	13740	Billings, MT	50010	Montana
31081	Hamilton	24260	Grand Island, NE	50011	Nebraska
34023	Middlesex	35614	New York-Jersey City-White Plains, NY-	50012	New Brunswick-Lakewood, NJ
34025	Monmouth	35614	New York-Jersey City-White Plains, NY-	50012	New Brunswick-Lakewood, NJ
34029	Ocean	35614	New York-Jersey City-White Plains, NY-	50012	New Brunswick-Lakewood, NJ
36071	Orange	35614	New York-Jersey City-White Plains, NY-	50013	Poughkeepsie-Newburgh-Middletown, NY
37051	Cumberland	22180	Fayetteville, NC	50014	Fayetteville, NC
37093	Hoke	22180	Fayetteville, NC	50014	Fayetteville, NC
45087	Union	43900	Spartanburg, SC	50015	South Carolina

FIPS County Code	County Name	CBSA FY 2020	CBSA Name CY 2020	Alternate IDs	Name CY 2021
46033	Custer	39660	Rapid City, SD	50016	South Dakota
47081	Hickman	34980	Nashville-Davidson-Murfreesboro-Fran	50017	Tennessee
48007	Arkansas	18580	Corpus Christi, TX	50018	Texas
48221	Hood	23104	Fort Worth-Arlington, TX	50019	Texas
48425	Somervell	23104	Fort Worth-Arlington, TX	50019	Texas
51029	Buckingham	16820	Charlottesville, VA	50020	Virginia
51033	Caroline	40060	Richmond, VA	50021	Virginia
51063	Floyd	13980	Blacksburg-Christiansburg-Radford, VA	50022	Virginia
53051	Pend Oreille	44060	Spokane-Spokane Valley, WA	50023	Washington
54003	Berkeley	25180	Hagerstown-Martinsburg, MD-WV	50024	Hagerstown-Martinsburg, MD-WV
24043	Washington	25180	Hagerstown-Martinsburg, MD-WV	50024	Hagerstown-Martinsburg, MD-WV
72083	Las Marias	99940	Puerto Rico	50025	Mayaguez, PR
01065	Hale	46220	Tuscaloosa, AL	50026	Tuscaloosa, AL
01107	Pickens	46220	Tuscaloosa, AL	50026	Tuscaloosa, AL
01125	Tuscaloosa	46220	Tuscaloosa, AL	50026	Tuscaloosa, AL
01127	Walker	13820	Birmingham-Hoover, AL	50027	Alabama
13007	Baker	10500	Albany, GA	50028	Georgia
22119	Webster	43340	Shreveport-Bossier City, LA	50029	Louisiana
29119	Mc Donald	22220	Fayetteville-Springdale-Rogers, AR-MO	50030	Missouri
45027	Clarendon	99942	South Carolina	50031	Sumter, SC

CMS reminds providers of the following:

- To submit the CBSA code or special wage index code corresponding to the state and county of the beneficiary's place of residence in value code 61 on home health Request for Anticipated Payments (RAPs) and claims
- When serving beneficiaries in areas where there is more than one unique CBSA due to the wage index transition, use the codes in the range 50xxx in the [Table 7](#) transition wage index table to determine the code to report in value code 61.

More Information

The official instruction, CR 12017, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10488cp.pdf>.

Read MLN Matters Article [MM12957](#) for current information on the rural add-on.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

Document History

Date of Change	Description
January 9, 2023	We revised the Article to add a link to MM12957 for current information on the rural add-on. All other information is the same.
November 20, 2020	We revised this article to reflect an updated CR 12017 that revised the Policy section (page 4 in this article) and updated the Payment Rate Tables to include information on the cost per-unit table for outlier payments (Table 6). All references to Table 6 in the previous CR (and article) were changed to Table 7. The CR release date, transmittal number and link to the CR were also changed. All other information remains the same.
November 9, 2020	Initial article released.

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