

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 11099</b>	<b>Date: November 10, 2021</b>
	<b>Change Request 12509</b>

**NOTE: This Transmittal is no longer sensitive and is being re-communicated November 19, 2021. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.**

**SUBJECT: Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2022**

**I. SUMMARY OF CHANGES:** This change request updates the CY 2022 30-day period payment rates, the national per-visit amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. The attached recurring update notification applies to Pub. 100-04, Medicare Claims Processing Manual, chapter 10, section 70.5.

**EFFECTIVE DATE: January 1, 2022**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: January 3, 2022**

**Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.**

**II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)**

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 11099	Date: November 10, 2021	Change Request: 12509
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## I. GENERAL INFORMATION

**A. Background:** The Medicare Home Health Prospective Payment System (HH PPS) rates provided to Home Health Agencies (HHAs) for furnishing home health services are updated annually as required by section 1895(b)(3)(B) of the Social Security Act (the Act). The calendar year (CY) 2022 HH PPS rate update includes a change to the 30-day period payment rates, the national per-visit amounts, and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. This rate update will increase the CY 2022 30-day period 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 BBA of 2018.

**B. Policy:** Section 1895(b)(3)(B) of the Act requires that the standard prospective payment amounts for CY 2022 be increased by a factor equal to the applicable home health 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 home health update be decreased by two (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) (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, calendar year, cost reporting period, or other annual period) (the "MFP adjustment"). Sections 1895(b)(4)(A)(ii) and (b)(4)(C) of the Act require the Secretary to provide appropriate adjustments to the proportion 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 furnishing of HH services.

### Market Basket Update

Based on IHS Global Insight Inc.'s third-quarter 2021 forecast (with historical data through second quarter 2021), the home health market basket percentage increase for CY 2022 is, specified at section 1895(b)(3)(B)(iii) of the Act, 3.1 percent. The CY 2022 home health market basket percentage increase of 3.1 percent is then reduced by a productivity adjustment, as mandated by the section 3401 of the Patient Protection and Affordable Care Act (the Affordable Care Act) (Pub. L. 111-148), currently estimated to be 0.5 percentage point for CY 2022. In effect, the home health payment update percentage for CY 2022 is a 2.6 percent increase. Section 1895(b)(3)(B)(v) of the Act requires that the home health update be decreased by 2 percentage points for those HHAs that do not submit quality data as required by the Secretary. For HHAs that do not submit the required quality data for CY 2022, the home health payment update is 0.6 percent (2.6 percent minus 2 percentage points).

### National, Standardized 30-Day Period Payment

As described in the CY 2022 HH PPS final rule, in order to calculate the CY 2022 national, standardized 30-day period payment rate, CMS applies a wage index budget neutrality factor of 1.0019 and a case-mix budget neutrality factor of 1.0396 to the previous calendar year's national, standardized 30-day period rate. The CY 2022 national, standardized 30-day period payment rate beginning January 2022 is a 2.6 percent increase.

The 30-day payment rates are shown in Tables 1 and 2. The CY 2022 national, standardized 30-day period payment rate are further adjusted by the individual period's case-mix weight and by the applicable wage index.

### National Per-Visit Rates

To calculate the CY 2022 national per-visit rates, CMS started with the CY 2021 national per-visit rate. CMS applies a wage index budget neutrality factor of 1.0019 to ensure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2022 wage index. The per-visit rates are then updated by the CY 2022 HH payment update of 2.6 percent for HHAs that submit the required quality data and by 0.6 percent (2.0 percent minus 2 percentage points) for HHAs that do not submit quality data. The per-visit rates are shown in Tables 3 and 4.

### Non-Routine Supply Payments

Payment for Non-Routine Supplies (NRS) is part of the national, standardized 30-day period rate. Durable medical equipment provided as a home health 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 with comment period (83 FR 56443), CMS finalized policies for the rural add-on payments for CY 2019 through CY 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 2022 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 through CY 2022 rural add-on percentages outlined in law are shown in Table 5.

### 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. The CY 2022 fixed-dollar loss ratio is 0.40 to ensure the total outlier payments does not exceed 2.5 percent of the total payments estimated to be made under the HH PPS.

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.

## II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared-System Maintainers				Other	
		A	B	H H H		F M V C	M C M S	V M S W	C W F		
12509.1	The contractor shall install a new HH PPS PRICER software module effective January 1, 2022.					X					HH Pricer
12509.2	The contractor shall apply the CY 2022 HH PPS payment rates for periods with claim statement "Through" dates on or after January 1, 2022.										HH Pricer
12509.3	The contractor shall use the table of wage index values associated with CBSA codes for CY 2022 home health payment calculations.										HH Pricer
12509.4	The contractor shall instruct providers to submit the CBSA code corresponding to the state and county of the beneficiary's place of residence in value code 61 on home health claims.			X							

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility						
		A/B MAC			D M E	C E D I		
		A	B	H H H			M A C	
12509.5	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the "MLN Connects" listserv to get MLN content notifications. You don't need to separately track and report MLN			X				

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
	content releases when you distribute MLN Connects newsletter content per the manual section referenced above.					

#### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements:** N/A

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information:** N/A

#### V. CONTACTS

**Pre-Implementation Contact(s):** Amanda Barnes, 443-651-1207 or amanda.barnes@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

#### VI. FUNDING

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 1**

**TABLE 1: CY 2022 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT**

CY 2021 National Standardized 30-Day Period Payment	Case-Mix Weights Recalibration Neutrality Factor	Wage Index Budget Neutrality Factor	CY 2022 HH Payment Update	CY 2022 National, Standardized 30-Day Period Payment
\$1,901.12	1.0396	1.0019	1.026	\$2,031.64

**TABLE 2: CY 2022 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT FOR HHAS THAT DO NOT SUBMIT THE QUALITY DATA**

CY 2021 National Standardized 30-Day Period Payment	Case-Mix Weights Recalibration Neutrality Factor	Wage Index Budget Neutrality Factor	CY 2022 HH Payment Update Minus 2 Percentage Points	CY 2022 National, Standardized 30-Day Period Payment
\$1,901.12	1.0396	1.0019	1.006	\$1,992.04

**TABLE 3: CY 2022 NATIONAL PER-VISIT PAYMENT AMOUNTS**

HH Discipline	CY 2021 Per-Visit Payment Amount	Wage Index Budget Neutrality Factor	CY 2022 HH Payment Update	CY 2022 Per-Visit Amount
Home Health Aide	\$69.11	X 1.0019	X 1.026	\$71.04
Medical Social Services	\$244.64	X 1.0019	X 1.026	\$251.48
Occupational Therapy	\$167.98	X 1.0019	X 1.026	\$172.67
Physical Therapy	\$166.83	X 1.0019	X 1.026	\$171.49
Skilled Nursing	\$152.63	X 1.0019	X 1.026	\$156.90
Speech-Language Pathology	\$181.34	X 1.0019	X 1.026	\$186.41

**TABLE 4: CY 2022 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAS THAT DO NOT SUBMIT THE REQUIRED QUALITY DATA**

HH Discipline	CY 2021 Per-Visit Amount	Wage Index Budget Neutrality Factor	CY 2022 HH Payment Update Minus 2 Percentage Points	CY 2022 Per-Visit Amount
Home Health Aide	\$69.11	X 1.0019	X 1.006	\$69.66
Medical Social Services	\$244.64	X 1.0019	X 1.006	\$246.58
Occupational Therapy	\$167.98	X 1.0019	X 1.006	\$169.31
Physical Therapy	\$166.83	X 1.0019	X 1.006	\$168.15
Skilled Nursing	\$152.63	X 1.0019	X 1.006	\$153.84
Speech-Language Pathology	\$181.34	X 1.0019	X 1.006	\$182.77

**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

**TABLE 6: CY 2022 COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS**

		For HHAs that DO Submit the Required Quality Data		For HHAs that DO NOT Submit the Required Quality Data	
HH Discipline	Average Minutes Per-Visit	CY 2022 Per-Visit Payment	Cost-per-unit (1 unit= 15 minutes)	CY 2022 Per-Visit Payment	Cost-per-unit (1 unit= 15 minutes)
Home Health Aide	63.0	\$71.04	\$16.91	\$69.66	\$16.59
Medical Social Services	56.5	\$251.48	\$66.76	\$246.58	\$65.46
Occupational Therapy	47.1	\$172.67	\$54.99	\$169.31	\$53.92
Physical Therapy	46.6	\$171.49	\$55.20	\$168.15	\$54.13
Skilled Nursing	44.8	\$156.90	\$52.53	\$153.84	\$51.51
Speech- Language Pathology	48.1	\$186.41	\$58.13	\$182.77	\$57.00