

MEDICARE PAYMENT FACT SHEET

NOVEMBER 2022

CY 2023 MEDICARE HH PPS FINAL RULE (CMS-1766-F)

On Nov. 4, the Centers for Medicare & Medicaid Services (CMS) published the calendar year (CY) 2023 Home Health Prospective Payment System (HH PPS) [final rule](#). CMS finalized a rate update that is significantly higher than the -4.2% update from its proposed rule, resulting in an estimated \$125 million increase in HH PPS payments for CY 2023.

Rate Update

CMS finalized a net rate update of 0.7%. This reflects a market basket update of 4.1%, a 0.1 percentage point productivity decrease, a -3.925% permanent behavior adjustment, and an estimated 0.2% increase reflecting the update to the fixed-dollar loss (FDL) ratio. Home health agencies (HHAs) that do not submit required quality data are subject to a 2 percentage point reduction in their payment rate.

Final CY 2023 Payment Rates for 30-Day Periods

CY 2022 30-Day Payment	CY 2023 30-Day Payment	CY 2023 30-Day Payment, No Quality Data
\$2,031.64	\$2,010.69	\$1,972.02

Final CY 2023 National Per-Visit Payment Amounts

HH Discipline	CY 2022 Per-Visit Payment	CY 2023 Per-Visit Payments	CY 2023 Per-Visit Payments, No Quality Data
Home Health Aide	\$71.04	\$73.93	\$72.51
Medical Social Services	\$251.48	\$261.72	\$256.69
Occupational Therapy	\$172.67	\$179.70	\$176.25
Physical Therapy	\$171.49	\$178.47	\$175.04
Skilled Nursing	\$156.90	\$163.29	\$160.15
Speech-Language Pathology	\$186.41	\$194.00	\$190.27

CMS must ensure estimated aggregate expenditures under the HH PPS are equal to estimated aggregate expenditures that otherwise would have been made absent the implementation of the Patient Driven Groupings Model (PDGM). To do this, CMS calculates the impact of differences between assumed behavior changes and actual behavior changes in any given year.

In the CY 2023 proposed rule, CMS proposed a permanent behavior adjustment of -7.69% to the CY 2023 base payment rate. This represented the necessary total permanent adjustment to account for behavior changes in CYs 2020 and 2021.

In the CY 2023 final rule, CMS recalculated the base rate for actual behavior, and finalized a total permanent prospective adjustment of -7.85%. However, stating it recognizes the potential hardship of implementing the full adjustment in a single year, CMS is exercising its discretion

authority to implement adjustments as it sees fit. Instead of applying the full -7.85% permanent adjustment to the CY 2023 base rate, CMS is finalizing a -3.925% permanent adjustment.

CMS reminds readers that it will have to account for the remaining -3.925% permanent adjustment, as well as any necessary adjustments to account for actual behavior changes in CYs 2022 and 2023, in future rulemaking.

Use of Telecommunications Technology

In the CY 2023 proposed rule, CMS solicited comments on the collection of claim-level telecommunications data and the use of three G-codes for identifying the use of telecommunications technology in providing HH services. CMS plans to begin collecting telecommunication technology information on home health claims by Jan. 1, 2023 on a voluntary basis. Required reporting will begin in July 2023, with guidance on both voluntary and mandatory data submission issued in January 2023.

LUPA Thresholds and Case-Mix Weights

CMS finalized updating low utilization payment adjustment (LUPA) thresholds using CY 2021 Medicare HH claims linked to Outcome and Assessment Information Set (OASIS) data. CY 2021 utilization data were also used to calculate CY 2023 case-mix weights, producing a case-mix budget neutrality factor of 0.9904. Table 16 in the CY 2023 final rule displays the final LUPA thresholds and case-mix weights with their corresponding Health Insurance Prospective Payment System (HIPPS) codes.

CY 2023 Functional Impairment Levels

CMS used CY 2021 claims data to update the functional points and functional impairment levels by clinical group for CY 2023. Updated OASIS functional points are listed in Table 11 of the final rule. Updated functional impairment levels by clinical group are listed in Table 12 of the final rule.

CY 2023 Comorbidity Subgroups

CMS finalized CY 2023 comorbidity subgroups using CY 2021 HH data. CMS finalized 22 low comorbidity adjustment subgroups, listed in Table 13 of the final rule. CMS finalized 91 high comorbidity adjustment interaction subgroups, listed in Table 14 of the final rule.

High Cost Outliers and FDL Ratio

CMS finalized an FDL ratio of 0.35 for CY 2023. CMS limits outlier payments to 2.5% of total HH PPS payments.

Home Infusion Therapy Services

Once finalized, home infusion therapy service rate updates will be posted to CMS' Home Infusion Therapy [website](#).

Wage Index

CMS finalized for CY 2023 and subsequent years a permanent 5% cap on negative wage index changes, meaning an HHA's wage index would not be less than 95% of its wage index from the previous year regardless of the circumstances causing a wage index decline.

CMS will continue using pre-floor, pre-reclassified hospital wage index data as the basis for the HH PPS wage index. As finalized in CY 2019, the labor-related share is 76.1%. The final CY 2022 HH wage indexes for Illinois core-based statistical areas (CBSAs) are below:

CY 2023 Final Illinois HH Wage Indexes by CBSA

CBSA	Final Wage Index
Bloomington	0.9247
Cape Girardeau	0.8052
Carbondale-Marion	0.8353
Champaign-Urbana	0.8916
Chicago-Naperville-Evanston	1.0437
Danville	0.9376
Decatur	0.8698
Elgin	1.0341
Kankakee	0.9192
Lake County	0.9828
Peoria	0.8516
Rock Island-Moline	0.7954
Rockford	0.9617
Springfield	0.8679
St. Louis	0.9517
Rural	0.8433

HH QRP

HHAs that do not successfully participate in the HH quality reporting program (QRP) are subject to a 2 percentage point reduction to their market basket update. Measures currently adopted for the CY 2023 HH QRP are listed in Table C1 in the final rule.

CMS will discontinue the long-standing suspension on collecting all-payer OASIS data. CMS will collect all-payer OASIS data for the HH QRP beginning with the CY 2027 HH QRP program year.

CMS will codify the eight HH QRP measure removal factors outlined in the CY 2019 HH PPS final rule. See Section III.F of the final rule for a list of CMS' HH QRP measure removal factors.

HH VBP Model

In the CY 2022 HH PPS final rule, CMS finalized the expansion of the Home Health Value-Based Purchasing (HH VBP) Model to all Medicare-certified HHAs in all 50 states and the District of Columbia beginning Jan. 1, 2022. All HHAs certified to participate in the Medicare program prior to Jan. 1, 2022 are required to participate and are eligible to receive an annual Total Performance Score based on their CY 2023 performance.

CMS finalized changing the calendar years associated with the HHA and Model baseline years. The HHA baseline year for HHAs certified prior to Jan. 1, 2019 or from Jan. 1, 2019 through Dec. 31, 2021 would be 2022. The HHA baseline year for HHAs certified beginning Jan. 1, 2022 or after would be the first full calendar year of services beginning after the date of Medicare certification.

Example: Finalized HHA Baseline, Performance and Payment Years for HHAs Certified through Dec. 31, 2023

Medicare-Certification Date	HHA Baseline Year	Performance Year	Payment Year
Prior to Jan. 1, 2019	2022	2023	2025
Jan. 1, 2019 – Dec. 31, 2021	2022	2023	2025
Jan. 1 – Dec. 31, 2022	2023	2024	2026
Jan. 1 – Dec. 31, 2023	2024	2025	2027

CMS also finalized changing the Model baseline year from CY 2019 to CY 2022 for the CY 2023 performance year and subsequent years.

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Sources:

Centers for Medicare & Medicaid Services. Medicare Program; Calendar Year (CY) 2023 Home Health Prospective Payment System Rate Update; Home Health Quality Reporting Program Requirements; Home Health Value-Based Purchasing Expanded Model Requirements; and Home Infusion Therapy Services Requirements. CMS-1766-F. Available from: <https://www.federalregister.gov/public-inspection/2022-23722/medicare-program-calendar-year-2023-home-health-prospective-payment-system-rate-home-health-quality>. Accessed Oct. 31, 2022.

Centers for Medicare & Medicaid Services. CY 2023 Final HH PPS (CMS-1766-F). Available from: <https://www.cms.gov/medicare/medicare-fee-service-payment/homehealthppshome-health-prospective-payment-system-regulations/cms-1766-f>. Accessed Oct. 31, 2022.