



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

MLN Matters Number: MM12509

Related Change Request (CR) Number: 12509

Related CR Release Date: November 10, 2021

Effective Date: January 1, 2022

Related CR Transmittal Number: R11099CP

Implementation Date: January 3, 2022

### Provider Types Affected

---

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

### Provider Action Needed

---

In this Article, you'll learn about updates to the:

- CY 2022 30-day period payment rates
- National per-visit amounts
- Cost-per-unit payment amounts used for calculating outlier payments under the HH PPS

Make sure your billing staff knows about these changes.

### Background

---

The Medicare HH PPS updates the 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 2022 HH PPS rate update includes changes 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 increases the CY 2022 30-day period payment rates by the proper rural add-on percentage prior to applying any case-mix and wage index adjustments.

### Market Basket Update

Based on IHS (Information Handling Services) Global Insight Inc.'s 3<sup>rd</sup>-quarter 2021 forecast (with historical data through 2<sup>nd</sup>-quarter 2021), the HH market basket percentage increase for CY 2022 is 3.1%, based on [Section 1895\(b\)\(3\)\(B\)\(iii\)](#) of the Act. We reduce that 3.1% increase by a productivity adjustment, as mandated by [Section 3401 of the Affordable Care Act](#). We estimate this reduction 0.5% for CY 2022. This means that the HH payment update percentage for CY 2022 is a 2.6% increase.

[Section 1895\(b\)\(3\)\(B\)\(v\)](#) of the Act also requires the HH update to be decreased by 2 percentage points for those HHAs that don't submit quality data. Thus, the payment update for these HHAs is 0.6%.

### **National Standardized 30-Day Period Payment**

CMS applies a wage index budget neutrality factor of 1.0019 and a case-mix budget neutrality factor of 1.0396 to the previous CY's national standardized 30-day period rate to calculate the CY 2022 national standardized 30-day period payment rate. The CY 2022 national standardized 30-day period payment rate beginning January 2022 is a 2.6% increase. [Tables 1 and 2 of CR 12509](#) show the 2022 rates.

### **National Per-Visit Rates**

To calculate the CY 2022 national per-visit rates, we start with the CY 2021 rate, then apply a wage index budget neutrality factor of 1.0019 to make sure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2022 wage index. We then update the per-visit rates by the relevant CY 2022 HH payment update (2.6% or 0.6%, depending on if the HHA submits required quality data). [Tables 3 and 4 of CR 12509](#) show these rates.

### **Non-Routine Supply Payments (NRS)**

NRS payment is part of the national standardized 30-day period rate. Durable Medical Equipment (DME) you provide as an HH service as defined by [Section 1861\(m\)](#) of the Act is paid the fee schedule amount and isn't 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](#)), we finalized policies for rural add-on payments for CY 2019-2022. The CY 2019 HH PPS proposed rule ([83 FR 32373](#)) described rural add-on payment provisions, which is the methodology for applying the new payments, and showed how we categorized rural counties (or equivalent areas) based on:

- Claims data
- The Medicare Beneficiary Summary File
- Census data

The HH PRICER module, part of Medicare's claims processing system, will increase the CY 2022 30-day base payment rates by the proper rural add-on percentage prior to applying any case-mix and wage index adjustments. [Table 5 of CR 12509](#) shows this information.

### **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 don't exceed the 2.5% aggregate level, based on requirements found in [Section 1895\(b\)\(5\)\(A\)](#) of the Act. Historically, we've used a value of 0.80 for the loss-sharing ratio. With a loss-sharing ratio of 0.80, Medicare pays 80% of the additional estimated costs above the outlier threshold amount. The CY 2022 FDL ratio is 0.40, which makes sure the total outlier payments don't exceed 2.5% of the total payments estimated under the HH PPS.

In the CY 2019 HH PPS final rule with comment period ([83 FR 56521](#)), we finalized a policy to maintain the current methodology for payment of high-cost outliers upon implementation of the Patient-Driven Groupings Model (PDGM), beginning in CY 2020. We'll calculate payment for high-cost outliers based upon 30-day periods of care. [Table 6 of CR 12509](#) shows the per-visit rates.

## More Information

We issued [CR 12509](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

## Document History

Date of Change	Description
November 18, 2021	Initial article released.

**Disclaimer:** Paid for by the Department of Health & Human Services. This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2020 American Medical Association. All rights reserved.

Copyright © 2013-2021, the American Hospital Association, Chicago, Illinois. Reproduced by CMS with permission. No portion of the AHA copyrighted materials contained within this publication may be copied without the express written consent of the AHA. AHA copyrighted materials including the UB-04 codes and descriptions may not be removed, copied, or utilized within any software, product, service, solution or derivative work without the written consent of the AHA. If an entity wishes to utilize any AHA materials, please contact the AHA at 312-893-6816. Making copies or utilizing the content of the UB-04 Manual, including the codes and/or descriptions, for internal purposes, resale and/or to be used in any product or publication; creating any modified or derivative work of the UB-04 Manual and/or codes and descriptions; and/or making any commercial use of UB-04 Manual or any portion thereof, including the codes and/or descriptions, is only authorized with an express license from the American Hospital Association. To license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816. You may also contact us at [ub04@healthforum.com](mailto:ub04@healthforum.com)

The American Hospital Association (the "AHA") has not reviewed, and is not responsible for, the completeness or accuracy of any information contained in this material, nor was the AHA or any of its affiliates, involved in the preparation of this material, or the analysis of information provided in the material. The views and/or positions presented in the material do not necessarily represent the views of the AHA. CMS and its products and services are not endorsed by the AHA or any of its affiliates.