



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

August 7, 2015

Re: CHHA Episodic Payment System –
Full Rebasing Adjustments

Dear Administrator:

This is to inform you of revised episodic payment system (EPS) rates effective October 1, 2015, which are now available on the Health Commerce System (HCS) website for Certified Home Health Agencies. The revised rates and related information regarding the EPS grouper and other elements of episodic reimbursement have been posted on the NYS Department of Health public website at the following location:

http://www.health.ny.gov/facilities/long_term_care/reimbursement/chha/

The rates are calculated in accordance with Article 3614.13 of the Public Health Law and Part 86-1.44 of the Commissioner's Administrative Rules and Regulations to reflect a full rebasing of the EPS. In accordance with Section 3614.13(b), "Subsequent base year episodic payments may be based on Medicaid paid claims for services provided by all certified home health agencies in a base year subsequent to two thousand nine, as determined by the commissioner, provided, however, that such base year adjustment shall be made not less frequently than every three years." Based on this statutory requirement, the Department has determined that the latest complete base year data available for rebasing is calendar year 2013 and has now finalized the data for implementation of the required rebasing utilizing 2013 claims data and corresponding 2013 OASIS assessment data.

The rebasing includes changes in the EPS grouper logic and other updated values which will require adjustments to provider billing software and the eMedNY payment system. The revised grouper and related rates will be effective for claims with an episode begin date of October 1, 2015 or later. Other effective dates are noted below.

The schedule of rates effective October 1, 2015 reflects full implementation of the 2013 base year for the 108 case mix adjusted payment rates for your agency for providing services to patients 18 years of age and older under the episodic payment system. Two additional rates are provided for assessments and non-OASIS maternity patients. The rate revisions which accompany this letter will be forwarded to the Office of Health Insurance Programs eMedNY system for payment. These rates will replace the current interim rebasing adjustment rates which were effective April 1, 2015.

It is important to note that these rate revisions do not include any adjustment to the rates for pediatric patients, who continue to be reimbursed on a historical fee-for-service per unit basis in accordance with Part 86-1.13.

The Department has issued the final rebasing rates and corresponding grouper information now, in an effort to provide sufficient time for agencies and vendors to make appropriate

adjustments to grouper and billing software by October 1, 2015. An explanation of the revised components follows.

New Base Price and Grouper: 2013 Base Year

Based on the adjusted cost of underlying service units for claims with episode begin dates during calendar year 2013, the Department has determined the 2013 statewide base price of \$3,629 per episode. The calculation of this price is posted on the above-noted NYS DOH public website.

To determine the revised grouper, the Department performed a regression analysis based on 2013 matched OASIS and episodic claims data. This analysis, which was consistent with the methodology used to determine the original 2009 grouper, utilized assessment data available on both Start of Care and Recertification assessments to determine those items that most significantly explained variation in Medicaid claim cost during calendar year 2013 episodes. As with the original 2009 grouper analysis, items which did not explain variation in cost were excluded from the model. The analysis determined that the statistically significant variables for the 2013 base grouper are consistent with the original 2009 grouper with the following exceptions:

- Age groupings were adjusted to reflect a consistency in cost for the two age groups within the ages of 60-74 and the two age groups within the ages of 75-84.
- Orthopedic diagnosis and shortness of breath are no longer included as clinical factors.

The 2013 grouper elements, including the revised point totals and scaling of the clinical and functional factors, are posted on the above-noted DOH public website. To assist agencies and their vendors in preparing and integrating the new grouper into their systems, the Department has also posted the SAS code for the new grouper.

In an effort to assist with the revised grouper logic that is necessary to interface with the OASIS assessment compliance with ICD-10 coding requirements (effective October 1, 2015), the Department has also posted on the DOH public website a list of relevant ICD-10 codes for the clinical factor diagnoses included in the new episodic grouper.

New Case Mix Indices and Outlier Thresholds: 2013 Base Year

Based on the regression analysis, revised 2013 case mix indices were determined for each of the 108 CMI-based payment groups. In accordance with regulation, and consistent with the 2009 grouper methodology, outlier thresholds were determined at percentiles ranging from the 70th percentile for groups with the lowest case mix index to the 90th percentile for groups with the highest case mix index. The case mix indices, corresponding statewide rates, and outlier thresholds effective October 1, 2015 are posted on both the HCS (CHHA Rate Sheets application) and the DOH public website.

As noted above, payment rates are now the same for the 60-69 and 70-74 age groups; and also for the 75-79 and 80-84 age groups. However, to maintain consistency with the 2009 base year rate structure, all 110 rate codes (108 plus 2) continue to be utilized.

Service Cost Calculation for LUPA and Outlier Claims

The threshold for low utilization payment adjustments (LUPAs) will continue to be set at \$500 of service cost, in accordance with existing regulations.

Calculation of service cost for determining LUPA payments and outlier adjustments will be based, in accordance with existing regulations, on the latest approved statewide weighted average per unit fee-for-service rates. The new weighted average rates which will be used for these calculations will be effective for reported **SERVICE DATES** beginning October 1, 2015. This will be determined by the service date reported on the UB-04 claim form, line 45, regardless of the beginning date of the episode. The new average rates have been posted on the DOH public website.

2015 Wage Index Factors

The Wage Index Factors (WIF) to be applied to episodic claims effective October 1, 2015, have been updated based on the latest available wage data from the Occupational Employment Statistics survey as reported by the New York State Department of Labor as of May 1, 2015, and utilization data from the 2013 CHHA cost reports. The new factors are effective for episodes beginning Oct. 1, 2015 or later.

The Wage Index Factors and the corresponding "single adjustment factors" utilized by eMedNY for each region of the state are posted on the DOH public website.

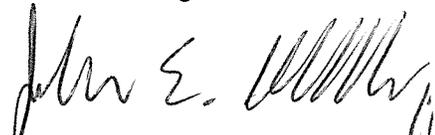
2015 Wage Parity Rate Adjustments for NYC Agencies

The wage parity adjustment for New York City CHHA episodic rates effective October 1, 2015 will be based on a comparison of the previously established minimum \$20.95 per hour aide rate to the weighted average home health aide rate reflected in the episodic 2013 expenditure base. The wage parity rates are posted on both the HCS site and the DOH public website. Additionally, the calculation of the wage parity adjustment has been posted on the DOH public website at the location referenced above.

All other components of the existing 2009 based payment system as documented on the NYS DOH website, including information on billing/payment rules and treatment of spend down, will continue to apply to the revised episodic payments effective October 1, 2015.

If you have any questions or require additional information please contact Tim Casey or Charles Tobey at 518-473-4421 or submit an e-mail to bltcr-ch@health.ny.gov.

John E. Ulberg, Jr.



Chief Financial Officer for Medicaid
Director of the Division of Finance and Rate Setting
Office of Health Insurance Programs
in the New York State Department of Health