

CY 2023 Home Health Prospective Payment System
Rate Update and Home Infusion Therapy Services
Requirements Final Rule (CMS-1766-F)


Overview
11/1/2022

CY 2023 Annual Payment Update

	CY 2022 National Standardized 30-Day Period Payment	Permanent Behavioral Assumptions Adjustment Factor	Case-Mix Weights Budget Neutrality Factor	Wage Index Budget Neutrality Factor	CY 2023 HH Payment Update	CY 2023 National, Standardized 30-Day Period Payment
Proposed	\$2,031.64	0.9231	0.9895	0.9975	1.029	\$1,904.76
Final	\$2,031.64	0.96075	0.9904	1.0001	1.040	\$2,010.69

PROPOSED: Updates to the HH PPS for CY 2023

CMS-reported topline numbers (CY 2022 v. proposed CY 2023):

Home health payment update percentage (estimated market basket update of 3.3%, reduced by a 0.4% estimated productivity adjustment)	+2.9%	\$560 million increase
Permanent behavioral assumption adjustment  of -7.69%	-6.9%*	<i>\$1.33 billion decrease</i>
Update to the fixed-dollar loss ratio (FDL) used in determining outlier payments	-0.2%	<i>\$40 million decrease</i>
Aggregate effect on Medicare payments in CY 2023	-4.2%	-\$810 million

*The effect of the permanent behavioral adjustment on all payments does not equal the proposed 7.69% because the proposed 7.69% adjustment only applies to the national, standardized 30-Day period payments and does not impact payments for 30-day periods which are LUPAs.





FINAL: Updates to the HH PPS for CY 2023

CMS-reported topline numbers (CY 2022 v. CY 2023):






Home health payment update percentage (estimated market basket update of 3.3%, reduced by a 0.4% estimated productivity adjustment)	+4.0%	\$725 million increase
Half of -7.85% permanent behavioral assumption adjustment: -3.925%	-3.5%*	\$635 million decrease
Update to the fixed-dollar loss ratio (FDL) used in determining outlier payments	0.2%	\$35 million increase
Aggregate effect on Medicare payments in CY 2023	0.7%	\$125 million

*The effect of the permanent behavioral adjustment on all payments does not equal the proposed 7.69% because the proposed 7.69% adjustment only applies to the national, standardized 30-Day period payments and does not impact payments for 30-day periods which are LUPAs.

PROPOSED: Behavioral Assumptions and Permanent & Temporary Adjustments

Year	Original Behavioral Assumptions	Permanent Adjustment	Temporary Adjustment
2020	-4.36%	n/a	n/a
2021	-4.36%	None applied	None applied
2022	-4.36%	None applied	None applied
2023	-4.36%	-7.69% 	None proposed, but comments sought on how to reconcile retrospective overpayments of \$2,020,996,579 total for 2020 and 2021
2024	-4.36%	-7.69% (subject to adjustment based on updated data)	Significant negative adjustment  (~15%+ to offset 2020-2023 (could be over multiple years))
2025	-4.36%	-7.69% (subject to adjustment based on updated data)	Significant negative adjustment 
2026	-4.36%	-7.69% (subject to adjustment based on updated data)	Significant negative adjustment 

FINAL: Behavioral Assumptions and Permanent & Temporary Adjustments

Year	Original Behavioral Assumptions	Permanent Adjustment	Temporary Adjustment
2020	-4.36%	n/a	n/a
2021	-4.36%	None applied	None applied
2022	-4.36%	None applied	None applied
2023	-4.36%	-3.925% 	None proposed, but comments sought on how to reconcile retrospective overpayments of \$2,084,076,074 total for 2020 and 2021
2024	-4.36%	-7.85% (subject to adjustment based on updated data) 	Significant negative adjustment  (double digit offset 2020-2023 (could be over multiple years))
2025	-4.36%	-7.85% (subject to adjustment based on updated data) 	Significant negative adjustment
2026	-4.36%	-7.85% (subject to adjustment based on updated data) 	Significant negative adjustment

Multi-Step Process for Behavioral Assumption Adjustments

Statutory Requirement	Years in Play	Action in FY 2023 Rule
For 2020, make assumptions about behavior changes that could occur as a result of the implementation of the 30-day unit of service and the case-mix adjustment factors that eliminated the use of therapy thresholds. (1895(b)(3)(A)(iv))	Payment for CY 2020 and beyond	None
Determine the impact of differences between assumed behavior changes and actual behavior changes on estimated aggregate expenditures for 2020-2026 (1895(b)(3)(D)(i))	Data available now means CMS is making this determination for CYs 2020-2021	Methodology for making this determination finalized
Make permanent payment adjustment to the 30-day payment rate to offset differences (1895(b)(3)(D)(ii))	Payment for CY 2023 (half) CY 2024 (full) and all future years	Permanent adjustment finalized (-7.85%) but phased in for first year
Make temporary payment adjustment to the 30-day payment rate to offset differences (1895(b)(3)(D)(iii))	Likely for payment for CY 2024 and beyond	Comments sought on how to make adjustments in the future