



Home Health Prospective Payment System: CY 2024 Update

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Related CR Title: Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2024

Affected Providers

- Home Health Agencies (HHAs)
- Other providers billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients in a HH plan of care

Action Needed

Make sure your billing staff knows about:

- CY 2024 30-day period payment rates
- National per-visit amounts
- Cost-per-unit payment amounts used for calculating outlier payments under the HH PPS

Background

CMS updates the payment rates to HHAs for providing HH services annually per Section 1895(b)(3)(B) of the [Social Security Act](#) (the Act) requires.

Market Basket Update

The HH market basket percentage increase for CY 2024 is 3.3%. We reduce that 3.3% increase by a productivity adjustment, as mandated by Section 3401 of the [Affordable Care Act](#). We estimate this reduction at 0.3% for CY 2024. This means that the HH payment update for CY 2024 is a 3.0% increase.

Section 1895(b)(3)(B)(v) of the Act requires us to decrease the HH update by 2% for those HHAs that don't submit quality data. The payment update for these HHAs is 1.0%.

National, Standardized 30-Day Period Payment

As described in the [CY 2024 HH PPS](#) (final rule), we must implement a permanent payment

adjustment to the national 30-day payment rate based on the impact of differences between assumed versus actual behavior change, to offset for such increases or decreases in estimated aggregate expenditures. We're implementing a permanent behavior adjustment of -2.890% to prevent further overpayments. The permanent behavior adjustment factor is 0.97110 (1 minus 0.02890). We calculate the CY 2024 national, standardized 30-day period payment rate, by applying:

- A permanent behavioral adjustment factor of 0.97110
- A case-mix weights recalibration budget neutrality factor of 1.0124
- A wage index budget neutrality factor of 1.0012
- A labor share budget neutrality factor of 0.9998
- The CY 2024 HH payment update increase of 3.0%

We show the 30-day payment rates in [Tables 1 and 2 of CR 13411](#). We further adjust the CY 2024 national, standardized 30-day period payment rates by the:

- Individual period's case-mix weight
- Applicable wage index

National Per-Visit Rates

To calculate the CY 2024 national per-visit rates, we start with the CY 2023 rate. Then, we apply a wage index budget neutrality factor of 1.0012 and a labor-related share budget neutrality factor of 0.9999 to maintain budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2024 wage index. We then update the per-visit rates by the CY 2024 HH payment update of 3.0% for HHAs that submit the required quality data and by 1.0% for HHAs that don't submit quality data. The per-visit rates are in [Tables 3 and 4 of CR 13411](#).

Non-Routine Supply (NRS) Payments

NRS is part of the national, standardized 30-day period rate. We pay for DME provided as a HH service using the fee schedule amount and it isn't included in the national, standardized 30-day period payment amount.

Disposable Negative Pressure Wound Therapy (dNPWT) Device

Effective CY 2024, the separate payment amount for an applicable dNPWT device is equal to the supply price used to determine the relative value for the service under the Physician Fee Schedule (PFS) under Section 1848 of [the Act](#), as of January 1, 2022 (CY 2022) updated by the specified adjustment described in subparagraph (B) for such year.

Division FF, Section 4136 of the [Consolidated Appropriations Act of 2023](#) requires us to adjust the separate payment amount by the percent increase in the Consumer Price Index for all Urban consumers (CPI-U) for the 12-month period ending with June of the preceding year minus the productivity adjustment for such year.

The CPI-U for the 12-month period ending in June of 2023 is 3.0 % and the corresponding

productivity adjustment is 0.4 % based on IHS Global Inc.'s third-quarter 2023 forecast of the CY 2024 productivity adjustment reflecting the 10-year moving average of changes in annual economy-wide private nonfarm business Total Factor Productivity (TFP) for the period ending June 30, 2023. This gives a final update of 2.6%. The supply price of an applicable disposable device under the PFS for January 1, 2022, is \$263.25. The CY 2024 final payment amount for an applicable dNPWT device then will be \$270.09 which is the supply price of \$263.25 updated by the 2.6% CPI-U update. We show this in [Table 6 of CR 13411](#).

Outlier Payments

The Fixed Dollar Loss (FDL) ratio and the loss-sharing ratio we use to calculate outlier payments must be selected so that the estimated total outlier payments don't exceed the 2.5% aggregate level based on Section 1895(b)(5)(A) of the Act. 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 2024 FDL ratio is 0.27 to make sure total outlier payments don't exceed 2.5% of 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 method for payment of high-cost outliers upon implementation of the Patient-Driven Groupings Model (PDGM) starting in CY 2020. We calculate payment for high-cost outliers based upon 30-day periods of care. The per-visit rates are in [Table 5 of CR 13411](#).

HH PPS Wage Index

The CY 2023 HH PPS final rule finalizes the application of a permanent 5% cap on any decrease to a geographic area's wage index from its prior year wage index, regardless of the circumstances causing the decline starting in CY 2023. Thus, a geographic area's wage index for CY 2023 and subsequent years, won't be less than 95% of its wage index for the prior CY.

Rural Add-On

Effective December 31, 2023, the county-based rural add-on which we applied to the national, standardized period rate, national per-visit payment rates, and the LUPA add-on payments when you provide HH services in rural (non-Core-Based Statistical (CBSA)) areas has expired. For periods and visits on or after January 1, 2024, we'll no longer apply the rural add-on county-based percentage increase to the payment rates based on the COUNTY-CODE values listed under the 3 rural county categories.

HHAs should submit the CBSA code corresponding to the state and county of the patient's place of residence in value code 61 on HH claims.

More Information

We issued CR 13411 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 6, 2023	Initial article released.

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