

# IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS    BT201535    MAY 26, 2015

## Home health rates for state fiscal year 2016 are effective July 1, 2015

Pursuant to *Indiana Administrative Code (IAC) 405 IAC 1-4.2-4*, the standard statewide reimbursement rates for home health services for state fiscal year (SFY) 2016 are effective July 1, 2015, through June 30, 2016. The new rates are calculated based on the most recently completed Medicaid cost reports required from all home health providers billing the Indiana Health Coverage Programs (IHCP) for services.

### Reduction in rates

As published in *IHCP Bulletin [BT201531](#)*, dated May 12, 2015, the existing 3% reduction in reimbursement for home health services implemented in January 2014 will be extended through June 30, 2017. The SFY 2016 statewide rates for Medicaid home health agencies continue to be reduced by 3% for “from” dates of service (DOS) July 1, 2015, through June 30, 2016.



### Computation of the reimbursement rates

Pursuant to *405 IAC 1-4.2-4*, all providers' hourly staffing rates for each discipline and overhead rate are arrayed high to low. The providers' historical costs in each array are inflated from the midpoint of the cost report period to the midpoint of the projected rate period, using the Centers for Medicare & Medicaid Services (CMS) Home Health Agency Market Basket inflation index. From the statewide array, a median rate for each staffing discipline and overhead costs are calculated. The statewide Medicaid rates for home health agencies are set at 95% of the median rate and the rate reduction is applied accordingly.

### Overhead cost rate

The overhead cost per visit for each home health provider is based on total patient-related costs, less the direct staffing and employee benefit costs, less the semivariable costs, divided by the total number of home health agency visits during the Medicaid reporting period for that provider. The overhead cost per visit for each home health provider is included in the statewide array of overhead costs. The semivariable costs removed from the overhead cost rate calculation are included in each staffing rate calculation, based on hours worked within each discipline.

### Staffing cost rate

The staffing cost-per-hour rate for each discipline in the home health agency is based on the total patient-related direct staffing and employee benefit costs, plus the semivariable costs, divided by the total number of home health agency hours worked, as associated with each discipline. The cost-per-hour rate for each home health provider is included in the statewide array of each discipline. The home health rates for SFY 2016 are specified in [Table 1](#).

*Table 1 – Home health rates for SFY 2016 effective for “from” DOS of July 1, 2015, though June 30, 2016*

<b>Cost/procedure code</b>	<b>Billing unit</b>	<b>95% of median</b>	<b>Less 3%</b>	<b>Rate</b>
Overhead	One unit per provider per recipient per day	\$30.54	(\$0.92)	\$29.62
Registered Nurse (RN) – 99600 TD	Hourly	\$43.34	(\$1.30)	\$42.04
Licensed Practical Nurse (LPN) – 99600 TE	Hourly	\$27.82	(\$0.83)	\$26.99
Home Health Aide – 99600	Hourly	\$18.88	(\$0.57)	\$18.31
Physical Therapist – G0151	15-minute increments	\$17.45	(\$0.52)	\$16.93
Occupational Therapist – G0152	15-minute increments	\$17.19	(\$0.52)	\$16.67
Speech Pathologist – G0153	15-minute increments	\$18.48	(\$0.55)	\$17.93

**Billing and repayment**

The rates listed in *Table 1* are effective for services rendered with “from” DOS on or after July 1, 2015, through June 30, 2016. Claims submitted for these DOS and paid at previous rates for these will be automatically processed through a mass adjustment. Providers will be notified when the mass adjustment will take place. Providers may choose to complete claims adjustments before the automatic reprocessing occurs.

The mass adjustment will pay claims at the new rates. Mass-adjusted claims are identified on the Remittance Advice (RA) by internal control numbers (ICNs) that

begin with 56. If a claim submitted for these DOS was underpaid, the net difference is paid and reflected on the RA. If a claim submitted for these DOS was overpaid, the net difference appears as an accounts receivable. The accounts receivable will be recouped at 100% from future claims paid to the respective provider number.



Billing procedures remain the same and can be found in [Chapter 8](#) of the *IHCP Provider Manual*. As a reminder, to ensure appropriate reimbursement, Traditional Medicaid home health claims should be submitted online via Web interChange or using the *UB-04* paper claim form. Both Web interChange and the *UB-04* claim form include fields for reporting overhead amounts and procedure codes applicable to the service provided. For convenience, the procedure codes related to each home health discipline are included in *Table 1*. Home and Community-Based Services (HCBS) waiver home health claims should be submitted online via Web interChange or using the *CMS-1500* paper claim form. If you are providing services under both the HCBS waiver and Traditional Medicaid programs, remember to indicate the Legacy Provider Identifier (LPI) on waiver claims and the National Provider Identifier (NPI) on Traditional Medicaid claims.

**QUESTIONS?**

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