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To: **All Indiana Medicaid Home Health Providers**

Subject: **Change in Reimbursement and Cost Reporting Rules for Home Health Providers**

Overview

This bulletin replaces the January 11, 1999, bulletin to all home health providers (BT199901). This bulletin notifies all home health providers of the changes in the reimbursement and cost reporting rules and penalties pursuant to LSA Document # 98-104(F), published at 22 IR 433. Also addressed are the rule penalties provided in 405 IAC 1-4.2-4(k) prior to the rule change and the situations when a home health agency is not required to submit an annual financial report for the current cost reporting period.

Reimbursement

There are changes in the cost-reporting requirements of the reimbursement rule. These changes do not, however, affect the calculation of rates due to the reasons stated below.

Interim Home Health Reimbursement Policy

Reference to interim home health reimbursement policy, as found at 405 IAC 1-4.2-1, has been eliminated. This change does not affect current reimbursement policy as the standard, statewide prospective reimbursement rates for home health services have been computed pursuant to 405 IAC 1-4.2-4 since January 1, 1998.

Non-Billable Staffing Costs

The reporting requirement for non-billable staffing costs for home health agency rate calculations has been eliminated. This change does not affect current rate-setting since most providers did not report non-billable staffing costs during the last reporting period.

As a result of this rule change, home health providers are no longer required to report non-billable staffing costs with the annual financial report data. Therefore, non-billable staffing costs will not be reviewed in determining the new home health rates effective January 1, 1999.

COST REPORTING

Changes specific to cost reporting requirements for home health agencies are reflected in revisions to the penalties imposed when a home health agency does not timely file an annual financial report or financial and statistical documentation requested by the Office of Medicaid Policy and Planning (OMPP) or its contractor. These rule amendments are intended to increase compliance with reporting requirements. Increased compliance will mean that future home health agency rates will more likely reflect the costs of a greater proportion of providers and, thus, reflect greater accuracy in reimbursement.

Failure to Timely Submit an Annual Financial Report

Pursuant to 405 IAC 1-4.2-3.1, home health agencies are required to file an annual financial report no later than 150 days after the close of the provider's reporting year. Extension of the filing period can be granted if the provider substantiates to the OMPP circumstances which preclude a timely filing.

However, when an annual financial report is 30 days past due and an extension has not been granted, 405 IAC 1-4.2-3.1(c) now requires that payment for all Indiana Medicaid claims filed by the provider be withheld effective on the first day of the month following the 30th day the annual financial report is past due. Payment shall continue to be withheld until the first day of the month after the delinquent annual financial report is received. After receipt of the delinquent annual financial report, the dollar amount paid to the provider for the claims withheld will be 90 percent of the amount that would have been paid if the provider had not been subject to the penalty. The provider cannot recover reimbursement lost because of the 10 percent penalty.

When an annual financial report is 60 days past due and an extension has not been granted, the OMPP will notify the provider that their participation in the Home Health Program of the Indiana Medical Assistance Programs will be terminated. The termination will be effective on the first day of the month following the 90th day the annual financial report is past due, unless the provider submits the delinquent annual financial report prior to the date of termination.

The new rule penalties for failure to file an annual financial report will apply to home health providers whose annual financial report is due after the rule effective date of November 7, 1998. In contrast, all home health providers already under penalty for failure to file an annual financial report on the rule effective date of November 7, 1998, will continue to be subject to a 10 percent penalty consistent with the provisions of the prior home health rule until the provider does either of the following steps:

- Files the delinquent annual financial report at which time the provider will be restored the first day of the month following filing of the report
- Fails to timely file a subsequent annual financial report at which time the provider will be penalized under the new rule

Failure to Timely Submit Financial and Statistical Documentation Requested by the OMPP or Its Contractor

Pursuant to 405 IAC 1-4.2-4, home health agencies are required to submit financial and statistical documentation that is requested by the OMPP or its contractor. When a home health agency fails to timely submit requested documentation, 405 IAC 1-4.2-4(j) now permits imposition of a penalty.

If the OMPP or its contractor has not received requested documentation within 30 days of the request, payment for all Indiana Medicaid claims filed by the provider will be withheld effective the first day of the month following the 30th day after the documentation was requested. Payment will continue to be withheld until the first day of the month after the OMPP or its contractor receives the requested information. After receipt of the requested information, the dollar amount paid to the provider for the claims withheld will be 90 percent of the amount which would have been paid if the provider had not been subject to the penalty. The provider cannot recover reimbursement lost because of the 10 percent penalty.

If the requested information has not been received by the OMPP or its contractor within 60 days of the request, the OMPP will notify the

provider that their participation in the Home Health Program of the Indiana Medical Assistance Programs will be terminated. The termination will be effective on the first day of the month following the 90th day after the documentation was requested, unless the OMPP or its contractor receives the requested documentation prior to the date of termination.

The new rule penalties for failure to respond to a request for additional documentation will apply to home health providers whose response to a request for additional documentation is due after the rule effective date of November 7, 1998. If the request that was due after November 7, 1998, is currently past due, notice will be sent to the provider that if the past due response is not submitted within 30 days after receipt of the notice, the penalty will be imposed on the first day of the month following the 30th day after receipt of the notice. If the request that was due after November 7, 1998, is not yet past due, notice will be sent to the provider when the response is past due and will indicate that penalty will be imposed on the first day of the following month if the response is not received by the first day of the following month.

In contrast, if the past due response to a request for additional documentation was due prior to the new rule effective date of November 7, 1998, the rule penalties provided in 405 IAC 1-4.2-4(k) prior to the rule change will be imposed upon home health providers whose additional documentation request is past due. The prior rule authorized the OMPP to impose a 10 percent penalty upon claims paid to a home health agency that refuses to submit requested documentation. The OMPP will consistently impose this penalty monthly as an incentive for home health agencies to respond to the past due requests for additional documentation.

If the request that was due prior to November 7, 1998, is past due, notice will be sent to the provider that if the past due response is not submitted within 30 days after receipt of the notice, the 10 percent penalty on claims paid will be imposed on the first day of the month following the 30th day after receipt of the notice. These rule penalties will continue until one of the following occur:

- The first day of the month following receipt of the requested documentation
- The first day of the month following receipt of an annual financial report for the subsequent fiscal period

If a home health agency is currently under penalty due to failure to timely submit an annual financial report and has not timely responded

to a request from the OMPP or its contractor for financial or statistical documentation relating to a prior reporting period when this rule change became effective on November 7, 1998, only the delinquent annual financial report must be filed. In this circumstance, the OMPP will not impose two 10 percent penalties upon claims paid to the respective provider number.

Circumstances When The Cost Reporting Requirement Does Not Apply

There continue to exist circumstances when a home health agency is not required to submit an annual financial report for the current cost reporting period and thus, the previously discussed penalty provisions do not apply. **However, it is the provider's responsibility to notify the OMPP's rate-setting contractor, Myers and Stauffer, when these situations are relevant to a provider's current cost reporting period. It also remains the provider's responsibility to promptly notify Myers and Stauffer when there has been a change in the provider's fiscal year period.** The restrictions relating to some reporting period changes remain, as addressed by 405 IAC 1-4.2-3.1(a).

If the provider does not notify Myers and Stauffer when these circumstances apply to their current cost reporting period, penalty notification will be sent to the provider. If the provider does not respond to penalty notification by contacting Myers and Stauffer to report the relevant information, the OMPP will impose the required penalty.

No Medicaid Claims Paid to the Provider During the Current Cost Reporting Period

If a home health agency has not received home health claims payment during the current cost reporting period, for the respective Indiana*AIM* provider number, the provider is not required to submit an annual financial report for the current cost reporting period. Each representation made by a home health agency that the provider did not receive Medicaid claims payment during the current cost reporting period are subject to confirmation by the OMPP and the Indiana*AIM* claims payment records.

Less Than Six Months of Operating Experience During the Current Cost Reporting Period

If a home health agency has had less than six months of operating experience during the current cost reporting period, for the respective Indiana*AIM* provider number, the provider is not required to submit an annual financial report for the cost reporting period. Each representation made by a home health agency that the provider had less than six months of operating experience during the current cost reporting period is subject to confirmation by the OMPP and the Indiana*AIM* provider enrollment records.

If there are questions regarding these reimbursement and cost reporting changes or regarding the circumstances when a home health agency is not required to submit a cost report for the current cost reporting period, please contact Myers and Stauffer LC at (317) 846-9521 or 1-800-877-6927.