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To: All Indiana Medicaid Home Health Providers

Subject: Change in Reimbursement Rates for Home Health Providers

Overview

This bulletin is to notify all home health providers of the **NEW RATES** for reimbursement of home health services **effective January 1, 1999**.

Reimbursement Rates

Pursuant to *405 IAC 1-4.2-4*, the standard statewide reimbursement rates for home health services effective January 1, 1999, have been calculated. The new rates are calculated based on the most recently completed Medicaid cost reports that were required to be filed by all home health providers who billed Medicaid for services.

In determining prospective allowable costs, each provider's costs from the most recently completed Medicaid cost report were adjusted for inflation using the Health Care Financing Administration Home Health Agency Market Basket. The inflation adjustment was applied from the midpoint of the annual cost report period to the midpoint of the 1999 rate period.

If a provider did not submit a cost report for the most recent fiscal period, the costs from the most recently submitted and reviewed cost report were adjusted for inflation. Likewise, if a provider did submit a cost report, but the data could not be reviewed because the provider did not submit the requested additional documentation, the costs from the most recently submitted and reviewed cost report were adjusted for inflation.

Computation of the Total Reimbursement Per Visit Rate

The total reimbursement rate per visit is computed as follows:

1. The overhead cost rate; plus
2. The staffing cost rate multiplied by the number of hours spent in the performance of billable patient care activities.

Each of the components of the total home health reimbursement per visit are based on statewide weighted median costs calculated for each component. The statewide weighted median rate for each component is determined by calculating the per visit or per hour cost of each component for each home health agency, ranking these costs from the highest cost to the lowest cost, calculating the cumulative number of Medicaid visits or hours, and locating the point on the array in which half of the respective Medicaid visits or hours were provided by agencies with a higher cost and half were provided by agencies with a lower cost.

Overhead Cost Rate

The overhead cost rate per visit for each home health provider is based on the total patient-related costs, less direct staffing and employee benefit costs, less the semi-variable costs, divided by the total number of home health agency visits during the Medicaid reporting period for that provider. The result of this calculation is the overhead cost per visit for each home health provider which was included in the statewide overhead array.

The semi-variable cost was removed from the overhead cost rate calculated and added to the staffing cost rates calculated in Table 1.1 based on hours worked.

Staffing Cost Rate

The staffing cost rate per hour for each discipline in the home health agency is based on the total patient-related direct staffing and employee benefit costs, plus the semi-variable cost divided by the total number of home health agency hours worked. The result of this calculation is the staffing cost rate per hour per discipline for each home health agency.

Billing and Repayment

Please use the new rates listed in Table 1.1 for billing services on or after January 1, 1999. Billing procedures remain the same. If you have already billed and have been paid at the old rates for these dates of service, you may choose to wait for EDS to automatically reprocess your claims through a mass claims adjustment. You will be notified when this mass claims adjustment will take place. Although this mass claims adjustment has been scheduled, you are not prohibited from completing adjustment forms prior to the automatic reprocessing.

The mass claims adjustment will repay the claims at the new rates. Mass-adjusted claims can be identified on the remittance advice by the assigned region number 56 as the first two numbers in the internal control number (ICN). If a claim for dates of service in 1999 had been previously underpaid, the net difference will be paid and reflected on the remittance advice. If a claim for dates of service in 1999 had been previously overpaid, the net difference will appear as an account receivable. The account receivable will be recouped from future claims paid to the respective IndianaAIM provider number at the rate of 100 percent.

Arrangements have been made for a two-week delay in recoupment of accounts receivable associated with this mass rate adjustment. Each home health agency provider must timely review the remittance advice and determine if 100 percent full and immediate recoupment of the accounts receivable associated with this mass rate adjustment will cause financial hardship. Any request for an extended repayment schedule must be submitted in writing during this two-week period. During this two-week period, the Office of Medicaid Policy and Planning will analyze the impact of the mass rate adjustment on each provider, develop potential repayment schedules, and communicate the guidelines for submission of a timely written request for an extended repayment schedule.

If a home health agency provider does not submit a timely written request for an extended repayment schedule and receive approval, 100 percent full and immediate recoupment of claims paid will begin and continue until the balance of the mass rate adjustment accounts receivable have been fully recouped. Recoupment due to accounts receivable and any balance remaining for accounts receivable is reflected on the remittance advice.

Table 1.1 – Billing Service Rates Effective January 1, 1999

Description	January 1, 1999 Rate
Overhead	\$21.80
Discipline	January 1, 1999 Rate
Registered Nurse	\$26.06
Licensed Practical Nurse	\$19.70
Home Health Aide	\$13.07
Physical Therapist	\$56.95
Occupational Therapist	\$44.59
Speech Pathologist	\$61.44

If you have any questions regarding billing procedures, please call EDS Customer Assistance at (317) 655-3240 or 1-800-577-1278.