Indiana Health Coverage Programs

# PROVIDER BULLETIN

BT199947 DECEMBER 23, 1999

**To:** **All Indiana Health Coverage Programs Home Health Providers**

**Subject:** **Revision of Reimbursement Rates for Home Health Providers**

## Overview

This bulletin is an update to bulletin BT199915, *Change in Reimbursement Rates for Home Health Providers*, dated April 23, 1999. This bulletin notifies all home health providers of the **revised 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 revised. The revised rates were calculated based on the most recently completed Indiana Health Coverage Programs (IHCP) cost reports that were required to be filed by all home health providers who billed IHCP for services.

In determining prospective allowable costs, each provider's costs from the most recently completed IHCP 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 IHCP visits or hours, and locating the point on the array in which half of the respective IHCP 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 IHCP reporting period for that provider. The result of this calculation is the overhead cost per visit for each home health provider that 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 effective immediately. Billing procedures remain the same. If a provider has already billed and has been paid at the old rates for dates of service in 1999, the provider may choose to wait for EDS to automatically reprocess claims through a mass claims adjustment that will take place by December 31, 1999. Although this mass claims adjustment has been scheduled, providers 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 Indiana*AIM* provider number at the rate of 100 percent.

If a home health agency has an account receivable that has been established as a result of the mass adjustment, the home health agency provider may submit 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 – Revised Billing Service Rates Effective January 1, 1999

| **Description** | **January 1, 1999 Rate** |
|---|---|
| Overhead | $22.00 |
| **Discipline** | **January 1, 1999 Rate** |
| Registered Nurse | $25.73 |
| Licensed Practical Nurse | $20.47 |
| Home Health Aide | $13.07 |
| Physical Therapist | $57.99 |
| Occupational Therapist | $49.97 |
| Speech Pathologist | $61.44 |

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