Understanding the 2025 Home Health Proposed Rule

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Melinda A. Gaboury, COS-C Chief Executive Officer

Melinda A. Gaboury, with more than 30 years in home care, has over 20 years of executive speaking and educating experience, including extensive day to day interaction with home care and hospice professionals. She routinely conducts Home Care and Hospice Reimbursement Workshops and speaks at state association meetings throughout the country. Melinda has profound experience in Medicare PDGM training, billing, collections, case-mix calculations, chart reviews and due diligence. UPIC, RA, ADR & TPE appeals with all Medicare MACs have become the forefront of Melinda's current impact on the industry. She is currently serving as Chair of the NAHC/HHFMA Advisory Board and Work Group and is serving on the board of the Home Care Association of Florida and the Tennessee Association for Home Care. Melinda is also the author of the Home Health OASIS Guide to OASIS-E and Home Health Billing Answers, 2024.

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2025 Proposed Rule Recap

- CY 2025 Proposed Home Health Prospective Payment System Rate
- $280M expected spending decrease - 4.067% permanent PDGM Budget Neutrality Adjustment
- 2.5% net inflation rate update
- $100 million decrease in outlier spending - Outlier FDL modified to 0.38 (2024 - 0.27)
- Recalibrates all 432 case mix weights and LUPA thresholds
- Adds OT LUPA only add-on and modifies other LUPA add-ons
- HHVBP; QRP: provider enrollment; and more proposals

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Standard Base Rate

TABLE 34: CY 2025 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT

CY 2024 National Standardized 30-Day Period Payment	Permanent Adjustment Factor	Case-Mix Weights Recalibration Budget Neutrality Factor	Wage Index Budget Neutrality Factor	CY 2025 HH Payment Update Factor	CY 2025 National, Standardized 30-Day Period Payment
$2,038.13	0.95933	1.0035	0.9985	1.025	$2,008.12

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Advocacy Needed

- Congress
  - S.2137
  - H.R. 5159
- Senate and House bipartisan bills would: – Eliminate all cuts except the "assumed behavioral adjustment"
- Eliminates permanent and temporary adjustment authority
- Requires MedPAC to expand its analysis of HHA financial status to include all payers.
- Your advocacy efforts are needed.

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PDGM – Clinical Groupings

- Medication Management, Teaching and Assessment (MMTA)
- MMTA – Surgical Aftercare
- MMTA – Cardiac/Circulatory
- MMTA – Endocrine
- MMTA – GI/GU
- MMTA – Infectious Diseases/Neoplasms
- MMTA – Respiratory
- MMTA – Other
- Neuro Rehab
- Wounds
- Complex Nursing Interventions
- Musculoskeletal (MS) Rehab
- Behavioral Health

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Percentage of Claims by Clinical Grouping

TABLE 6: DISTRIBUTION OF 30-DAY PERIODS OF CARE BY THE 12 PDGM CLINICAL GROUPS, CYs 2018-2023

Clinical Grouping	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021	CY 2022	CY 2023
Behavioral Health	1.7%	1.5%	2.3%	2.4%	2.3%	2.2%
Complex Nursing	2.6%	2.5%	3.5%	3.3%	3.2%	3.1%
MMTA – Cardiac	16.5%	16.1%	18.9%	18.5%	17.9%	17.5%
MMTA – Endocrine	17.3%	17.4%	7.2%	6.9%	6.8%	7.0%
MMTA – GI/GU	2.2%	2.3%	4.7%	4.7%	4.9%	5.0%
MMTA – Infectious	2.9%	2.7%	4.8%	4.6%	4.6%	4.7%
MMTA – Other	4.7%	4.7%	3.1%	3.6%	3.5%	3.7%
MMTA – Respiratory	4.3%	4.1%	7.8%	8.0%	7.8%	7.2%
MMTA – Surgical Aftercare	1.8%	1.8%	3.6%	3.4%	3.4%	3.5%
MS Rehab	17.1%	17.3%	19.4%	19.8%	20.8%	21.2%
Neuro Rehab	14.4%	14.5%	10.5%	10.9%	11.0%	10.9%
Wounds	14.5%	15.1%	14.2%	13.9%	13.7%	14.0%

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Comorbidity Adjustment

- **Low comorbidity adjustment**: (22 subgroups proposed) There is a reported secondary diagnosis that falls within one of the home-health specific individual comorbidity subgroups associated with higher resource use, or;
  - 5.08% increase in case-mix from No to Low
- **High comorbidity adjustment**: (90 subgroups proposed) There are two or more secondary diagnoses reported that fall within the same comorbidity subgroup interaction that are associated with higher resource use.
  - 9.66% increase in case-mix from Low to High

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TABLE 22: LOW COMORBIDITY ADJUSTMENT SUBGROUPS FOR CY 2025

Low Comorbidity Subgroup	Description
Cerebral 4	Sequelae of Cerebrovascular Diseases, includes Cerebral Atherosclerosis and Stroke Sequelae
Circulatory 10	Varicose Veins and Lymphedema
Circulatory 2	Hemolytic, Aplastic, and Other Anemias
Circulatory 9	Other Venous Embolism and Thrombosis
Endocrine 3	Type 1, Type 2, and Other Specified Diabetes
Endocrine 4	Other Combined Immunodeficiencies and Malnutrition, includes graft-versus-host-disease
Gastrointestinal 2	Intestinal Obstruction and Ileus
Heart 10	Dysrhythmias, includes Atrial Fibrillation and Atrial Flutter
Heart 11	Heart Failure
Neoplasms 1	Malignant Neoplasms of Lip, Oral Cavity and Pharynx, includes Head and Neck Cancers
Neoplasms 17	Secondary neoplasms of respiratory and GI systems.
Neoplasms 18	Secondary Neoplasms of Urinary and Reproductive Systems, Skin, Brain, and Bone
Neoplasms 2	Malignant Neoplasms of Digestive Organs, includes Gastrointestinal Cancers
Neoplasms 20	Non-Hodgkin's Lymphoma
Neurological 10	Diabetes with neuropathy
Neurological 11	Disease of the Macula and Blindness/Low Vision
Neurological 12	Nondiabetic neuropathy
Neurological 5	Spinal Muscular Atrophy, Systemic atrophy and Motor Neuron Disease
Neurological 7	Paraplegia, Hemiplegia and Quadriplegia
Skin 1	Cutaneous Abscess, Cellulitis, and Lymphangitis
Skin 3	Diseases of arteries, arterioles and capillaries with ulceration and non-pressure chronic ulcers
Skin 4	Stages Two-Four and unstageable pressure ulcers by site

Source: CY 2023 Home Health Claims Data, Periods that end in CY 2022 accessed on the CCW March 19, 2024.

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Patient Driven Groupings Model (PDGM)

Functional Level (OASIS Items) – (Low, Medium, High)

- Anticipates roughly 33% of periods of care will fall into each of the categories.
- M1800-M1860 (NOT M1845) and M1033 are OASIS-E Items will continue to determine the Functional Level
- GG items are not the same as the 1800 items - it is expected that they will eventually replace the M1800 items on the OASIS and in the PDGM calculations.
- GG items are currently used in RISK adjustment for outcomes calculations

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Functional Impairment

TABLE 9: DISTRIBUTION OF 30-DAY PERIODS OF CARE BY FUNCTIONAL IMPAIRMENT LEVEL, CYs 2018-2023

Functional Impairment Level	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021	CY 2022	CY 2023
Low	33.9%	31.9%	25.7%	23.2%	28.1%	29.8%
Medium	34.9%	35.5%	32.7%	32.6%	33.1%	31.8%
High	31.2%	32.6%	41.7%	44.2%	38.8%	38.3%

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OASIS Points Table – Final Rule 2024		Response	2024 Points	2025 Proposed Points	% of Periods
M1800: Grooming		2,3	3	3	74.6%
M1810: Current Ability to Dress Upper Body		2,3	5	5	80.5%
M1820: Current Ability to Dress Lower Body		2	3	3	65.3%
		3	11	11	25.4%
M1830: Bathing		2	0	3	10.0%
		3,4	7	10	49.6%
		5,6	14	18	38.0%
M1840: Toilet Transferring		2,3,4	6	5	39.0%
M1850: Transferring		1	3	1	18.8%
		2,3,4,5	6	4	80.0%
M1860: Ambulation		2	6	6	13.8%
		3	4	2	65.2%
		4,5,6	20	18	17.8%
M1033: Risk of Hospitalization	4 or more marked	1-7	11	12	41.1%

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Therapy Stats

TABLE 10: PROPORTION OF 30-DAY PERIODS OF CARE WITH ONLY THERAPY, AT LEAST ONE THERAPY VISIT, AND NO THERAPY VISITS FOR CYs 2018-2023

30-day Period Visit Type	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021	CY 2022	CY 2023
Therapy Only	13.5%	14.4%	15.2%	17.8%	19.3%	20.1%
Therapy + Non-Therapy	48.2%	48.4%	42.2%	42.3%	42.7%	42.8%
No Therapy	38.3%	37.2%	42.6%	39.9%	38.0%	37.1%
Total 30-day periods	**9,336,898**	**8,744,171**	**8,423,688**	**8,962,690**	**8,593,266**	**8,133,377**

Source: CY 2018 and CY 2019 simulated PDGM data with behavioral assumptions came from the Home Health LDS. CY 2020 PDGM data was accessed from the CCW VRDC on July 12, 2021. CY 2021 PDGM data was accessed from the CCW VRDC on July 14, 2022. CY 2022 PDGM data was accessed from the CCW VRDC on January 20, 2023. CY 2023 data was accessed from the CCW VRDC on March 19, 2024.
Note: All 30-day periods of care claims were included (for example LUPAs, PEPs, and outliers). There are approximately 540,000 60-day episodes that started in 2019 and ended in 2020 that are not included in the analysis.

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Visits per 30-day period by Discipline

Discipline	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021	CY 2022	CY 2023
Skilled Nursing	4.53	4.49	4.35	4.05	3.90	3.86
Physical Therapy	3.30	3.33	2.70	2.74	2.77	2.78
Occupational Therapy	1.02	1.07	0.79	0.78	0.77	0.76
Speech Therapy	0.21	0.21	0.16	0.15	0.14	0.14
Home Health Aide	0.72	0.67	0.54	0.48	0.43	0.41
Social Worker	0.08	0.08	0.06	0.05	0.05	0.05
Total (all disciplines)	**9.86**	**9.85**	**8.59**	**8.25**	**8.06**	**8.00**

Source: CY 2018 and CY 2019 simulated PDGM data with behavior assumptions came from the Home Health LDS. CY 2020 data was accessed from the Chronic Conditions Warehouse (CCW) Virtual Research Data Center (VRDC) on July 12, 2021. CY 2021 data was accessed from the CCW VRDC on July 14, 2022. CY 2022 data was accessed from the CCW VRDC on July 13, 2023. CY 2023 data was accessed from the CCW VRDC on March 19, 2024.

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CBSA Changes

- 53 urban counties in 2024 moved to rural in 2025 (24 states and PR)
- 54 rural counties in 2024 moved to urban in 2025 (25 states)
- Some counties moved from one CBSA to another CBSA
- 5% transition cap calculated at county level when moving from CBSA or rural designation to new CBSA or rural – Claims must use new transition code for affected counties

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Case-Mix Weight Adjustments

- Recalibrate annually the PDGM case-mix weights using a fixed effects model with the most recent and complete utilization data available at the time of annual rulemaking.
- Used CY 2023 home health claims data with linked OASIS data
- Reflective of PDGM utilization and patient resource use expected for CY2025

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LUPA STATS

All 432 LUPA Thresholds Updated

TABLE 4: THE PROPORTION OF 30-DAY PERIODS OF CARE THAT ARE LUPAs AND THE AVERAGE NUMBER OF VISITS BY HOME HEALTH DISCIPLINE FOR LUPA HOME HEALTH PERIODS, CYs 2018-2023

	CY 2018 (Simulated)	CY 2019 (Simulated)	CY 2020	CY 2021	CY 2022	CY 2023
Total LUPA % of Overall 30-day Periods	6.7%	6.8%	8.7%	7.9%	7.8%	6.8%
Discipline (Average # visits for LUPA home health periods)						
Skilled Nursing	1.15	1.14	1.19	1.12	1.08	0.99
Physical Therapy	0.43	0.46	0.53	0.55	0.60	0.51
Occupational Therapy	0.07	0.07	0.08	0.08	0.09	0.07
Speech Therapy	0.02	0.02	0.02	0.02	0.02	0.02
Home Health Aide	0.01	0.01	0.01	0.01	0.01	0.01
Social Worker	0.01	0.01	0.01	0.01	0.01	0.01
Total	**1.69**	**1.71**	**1.84**	**1.79**	**1.81**	**1.61**

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LUPA Add-on Update 2025

LUPA Add-On %

- SN 1.7227
- PT 1.6247
- SLP 1.6703
- OT 1.7266

To calculate the payment, multiply the per-visit payment amount for the Start of Care visits - SN, PT, SLP or OT visit in LUPA episodes that occur as the only episode or an initial episode in a sequence of adjacent episodes by the appropriate factor to determine the LUPA add-on payment amount.

For example, using the proposed CY 2025 per-visit payment rates for those HHAs that submit the required quality data, for LUPA periods that occur as the only period or an initial period in a sequence of adjacent periods, if the first skilled visit is SN, the payment for that visit would be $297.03 (1.7227 multiplied by $172.42), subject to area wage adjustment.

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OASIS Completed & Submitted ALL PAYERS

- OASIS collection on all payers
  - Finalized 2023 Home Health Payment Rule
    - Voluntary January 1, 2025-June 30, 2025
    - Mandatory beginning July 1, 2025
    - Effective with SOC assessments beginning July 1, 2025 vs. Discharge
    - M0090 -- Date assessment completed

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Performance Feedback Reports: Timeline

Report Title (Month Issued)	OASIS-based Measures	Claims-based and HHCAHPS Survey-based Measures
July 2023 IPR (July 2023)	12 months ending 3/31/2023	Baseline data only
October 2023 IPR (October 2023)	12 months ending 6/30/2023	12 months ending 3/31/2023
January 2024 IPR (January 2024)	12 months ending 9/30/2023	12 months ending 6/30/2023
April 2024 IPR (April 2024)	12 months ending 12/31/2023	12 months ending 9/30/2023
July 2024 IPR (July 2024)	12 months ending 3/31/2024	12 months ending 12/31/2023
Annual TPS and Payment Adjustment Report (Preview version, Aug 2024)	12 months ending 12/31/2023	12 months ending 12/31/2023

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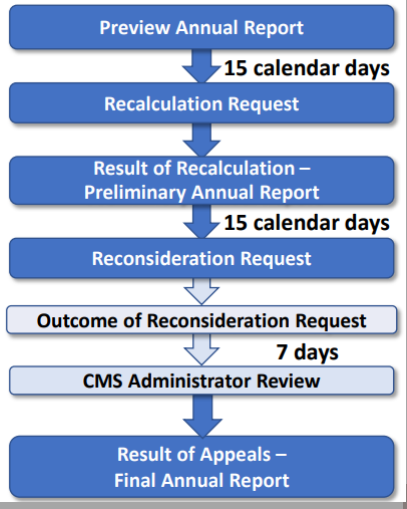
Annual Performance Reports

- **Preview APR:**
  - An HHA may submit an Annual Report ***recalculation request*** within 15 calendar days after CMS issues the Preview Annual Report if they believe there is an error.
- **Preliminary APR:**
  - If an HHA disagrees with the results of the CMS recalculation, the HHA may submit a ***reconsideration request**** within 15 calendar days after CMS issues the Preliminary APR.
- ***From CY 2024 Final Rule, effective beginning CY 2024:***
  - An HHA may request a ***CMS Administrator review*** of a reconsideration decision within seven (7) days from CMS' notification to the HHA contact of the outcome of the ***reconsideration request***.



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Linear Exchange Function (LEF)

TABLE 32: 5-PERCENT REDUCTION SAMPLE

HHA	TPS	Step 1 Prior Year Aggregate HHA Payment Amount*	Step 2 5-Percent Payment Reduction Amount (C2*5 percent)	Step 3 TPS Adjusted Reduction Amount (C1/100)*C3	Step 4 Linear Exchange Function (LEF) (Sum of C3/ Sum of C4)	Step 5 Final TPS Adjusted Payment Amount (C4*C5)	Step 6 Quality Adjusted Payment Rate (C6/C2)	Step 7 Final Percent Payment Adjustment +/- (C7-5%)
	(C1)	(C2)	(C3)	(C4)	(C5)	(C6)	(C7)	(C8)
HHA1	38	$100,000	$5,000	$1,900	1.931	$3,669	3.669%	-1.331%
HHA2	55	$145,000	$7,250	$3,988	1.931	$7,701	5.311%	0.311%
HHA3	22	$800,000	$40,000	$8,800	1.931	$16,995	2.124%	-2.876%
HHA4	85	$653,222	$32,661	$27,762	1.931	$53,614	8.208%	3.208%
HHA5	50	$190,000	$9,500	$4,750	1.931	$9,173	4.828%	-0.172%
HHA6	63	$340,000	$17,000	$10,710	1.931	$20,683	6.083%	1.083%
HHA7	74	$660,000	$33,000	$24,420	1.931	$47,160	7.146%	2.146%
HHA8	25	$564,000	$28,200	$7,050	1.931	$13,615	2.414%	-2.586%
Sum			$172,611	$89,379		$172,611		

*Example cases.

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Finalized Changes - 2025!

The HH Final Rule, released on Nov 1, 2023, finalized several changes to HHVBP, starting in CY2025:

- **Removal of 5 measures**, addition of **3 new measures** (starting in CY 2025)
- **Updated weights** for all measures, except HHCAHPS (starting in CY 2025)
- **Updated Baseline Year (2023)** for all measures (starting in CY 2025)
- Codify the measure removal factors (effective in CY 2024)

Public Reporting Update

CMS is including an update to remind HHAs and other stakeholders that **public reporting** of HHVBP performance data and payment adjustments will begin in December 2024.

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Meure Category	Quality Measures	*Finalized Redistributions*			
		Current Measure Weights* (CY 2023, CY 2024)		Measure Weights Beginning CY 2025	
		Larger-Volume Cohort	Smaller-Volume Cohort	Larger-Volume Cohort	Smaller-Volume Cohort
OASIS-based Measures	Discharged to Community	5.83%	8.33%	-	-
	Improvement in Dyspnea	5.83%	8.33%	6.00%	8.57%
	Improvement in Management of Oral Medications	5.83%	8.33%	9.00%	12.86%
	TNC Change in Mobility	8.75%	12.5%	-	-
	TNC Change in Self-Care	8.75%	12.5%	-	-
	Discharge Function Score	-	-	20.00%	28.57%
	Sum of OASIS-based measures	**35.00%**	**50.00%**	**35.00%**	**50.00%**
Claims-based Measures	Acute Care Hospitalization	26.25%	37.50%	-	-
	Emergency Department Use	8.75%	12.50%	-	-
	Potentially Preventable Hospitalization	-	-	26.00%	37.14%
	Discharge to Community- Post Acute Care	-	-	9.00%	12.86%
	Sum of Claims-based measures	**35.00%**	**50.00%**	**35.00%**	**50.00%**
HHCAHPS Survey-based Measures	Care of Patients	6.00%	0.00%	6.00%	0.00%
	Communication Between Providers and Patients	6.00%	0.00%	6.00%	0.00%
	Specific Care Issues	6.00%	0.00%	6.00%	0.00%
	Overall Rating of Home Health Care	6.00%	0.00%	6.00%	0.00%
	Willingness to Recommend the Agency	6.00%	0.00%	6.00%	0.00%
	Sum of HHCAHPS Survey-based measures	**30.00 %**	**0.00%**	**30.00%**	**0.00%**
Sum	**Sum of All Measures**	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**

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HHVBP - Future

Request for information related to future measure concepts

- Family caregiver measure
- Falls with injury (claims-based)
- Medicare spending per Beneficiary
- Function measures to complement existing cross-setting Discharge (DC) Function measure CMS is also interested in general comments on other future model concepts that may be considered for inclusion in the expanded HHVBP Model.

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HHQRP

- Proposes four new health related social needs items for the 2027 HHQRP
  - Living environment
  - Two items relate to food insecurity
  - Utilities
  - Revise the transportation data item

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HHQRP

CMS is seeking input on four measure concepts for the HH QRP

- Composite of vaccinations – e.g. Adult Immunization Status measure in the Universal Foundation set
- Depression – e.g. Clinical Screening for Depression and Follow-up measure in the Universal Foundation set
- Pain management
- Substance use disorders, - e.g. Initiation and Engagement of Substance Use Disorder Treatment measure included in the Universal Foundations set https://www.cms.gov/medicare/quality/home-health/oasis-data-sets

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HH Conditions of Participation

Propose a new standard at §484105(i) s to require HHA develop, implement, and maintain an acceptance to service policy that is applied consistently to each prospective patient referred for home health care.

- Anticipated needs of the referred prospective patient.
- Case load and case mix of the HHA
- Staffing levels of the HHA
- Skills and competencies of the HHA staff. Make available to the public accurate information regarding the services offered by the HHA and any limitations related to types of specialty services, service duration, or service frequency. Reviewed at least annually

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Requests for Information

- There was a RFI for Plan of Care Development and Scope of Services
  - Multiple questions
- There was a RFI for Therapists being able to conduct SOC Assessments in all cases, even when nursing is ordered
  - Multiple questions

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Have any questions?
Scan the QR Code to schedule a call!
Thank You for Participating!
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