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On August 29, 2007, CMS issued a final rule to refine and update the Home Health Prospective Payment System (HH PPS) for Calendar Year (CY) 2008. There were a significant number of changes expected with the rule, including the first rebasing since the introduction of PPS on October 1, 2000. CMS will use a totally new case mix model for episodes that begin in 2008. Since the rule was issued, I have spent a substantial amount of time analyzing and dissecting the 2008 Final Rule to enable you to better understand the rule changes. They are considerable.

Following is an analysis of the major changes.

The Episodic Base Rate:

- The Episodic Standard rate decreases from \$2,339.00 for CY 2007 to \$2,337.06 for episodes **beginning in 2007 and Ending in 2008**. These rates must further be wage index adjusted. The Standardized rates will be based on the 2000 Grouper consisting of the 80 HHRG Case-Mix Model.
- The Episodic Standard rate decreases from \$2,339.00 for CY 2007 to \$2,270.32 for episodes **beginning in 2008**. These rates must further be wage index adjusted. The Standardized rate will be based on a new 2008 Grouper consisting of a 153 HHRG Four-Equation Case Mix Model. However, agencies will now receive an additional reimbursement for Non-Routine Supplies, as will be discussed later in this commentary.
 - There are different rates for episodes that begin in 2007 because of adjustments that are necessary to account for the use of the NEW case mix model only for episodes that begin in 2008.
 - This reduction also reflects changes in how supplies are reimbursed, the LUPA change, and the elimination of the SCIC adjustment. (See Below)
 - For the rare agency that does not submit OASIS, there will be an additional 2% reduction.

Four Year Rate Reduction:

CMS is implementing a 2.75 percent reduction of the 60-day episode payment and LUPA visit rates for first 3 years beginning in 2008 and a 2.71 percent reduction in the fourth year, 2011. The Episodic and LUPA visit rates stated in this commentary reflect the 2.75 percent reduction for 2008.

Non-Routine Supplies (NRS):

While the Episodic rate will be decreasing, an additional payment will now be made for Non-Routine Supplies based on six (6) possible Severity Levels determined by a combination of Diagnosis or MO Oasis scores. Case-mix adjusted amounts, separately based on six (6) NRS severity group payments, will range from \$14.12 to \$551.00 per episode, as shown in TABLE 9 below. The reimbursement will target those patients that typically use supplies (such as wound care cases). NRS calculations will not apply to LUPA episodes.

Table 9 - Relative Weights for Non-Routine Medical Supplies

NRS Conversion Factor			\$ 52.35	
Severity Level	Points (Scoring)		Relative Weight	Payment Amount
1	-	-	0.2698	14.12
2	1	14	0.9742	51.00
3	15	27	2.6712	139.84
4	28	48	3.9686	207.76
5	49	98	6.1198	320.37
6	99		10.5254	551.00

Table 10A below lists the 49 OASIS item and/or Diagnosis (Primary and Secondary) that will be awarded points for the additional Non-Routine Supply add-on Reimbursement. Table 10B lists the ICD-9-CM diagnoses included in the diagnostic categories for the NRS Case-Mix Model.

Table 10A: NRS Case-Mix Adjustment Variables and Scores		
Item	Description	Score
SELECTED SKIN CONDITIONS:		
1	Primary diagnosis = Anal fissure, fistula and abscess	15
2	Other diagnosis = Anal fissure, fistula and abscess	13
3	Primary diagnosis = Cellulitis and abscess	14
4	Other diagnosis = Cellulitis and abscess	8
5	Primary diagnosis = Diabetic ulcers	20
6	Primary diagnosis = Gangrene	11
7	Other diagnosis = Gangrene	8
8	Primary diagnosis = Malignant neoplasms of skin	15
9	Other diagnosis = Malignant neoplasms of skin	4
10	Primary or Other diagnosis = Non-pressure and non-stasis ulcers	13
11	Primary diagnosis = Other infections of skin and subcutaneous tissue	16
12	Other diagnosis = Other infections of skin and subcutaneous tissue	7
13	Primary diagnosis = Post-operative Complications	23
14	Other diagnosis = Post-operative Complications	15
15	Primary diagnosis = Traumatic Wounds and Burns	19
16	Other diagnosis = Traumatic Wounds and Burns	8
17	Primary or other diagnosis = V code, Cystostomy care	16
18	Primary or other diagnosis = V code, Tracheostomy care	23
19	Primary or other diagnosis = V code, Urostomy care	24
20	OASIS M0450 = 1 or 2 pressure ulcers, stage 1	4
21	OASIS M0450 = 3+ pressure ulcers, stage 1	6
22	OASIS M0450 = 1 pressure ulcer, stage 2	14
23	OASIS M0450 = 2 pressure ulcers, stage 2	22
24	OASIS M0450 = 3 pressure ulcers, stage 2	29
25	OASIS M0450 = 4+ pressure ulcers, stage 2	35
26	OASIS M0450 = 1 pressure ulcer, stage 3	29
27	OASIS M0450 = 2 pressure ulcers, stage 3	41
28	OASIS M0450 = 3 pressure ulcers, stage 3	46
29	OASIS M0450 = 4+ pressure ulcers, stage 3	58
30	OASIS M0450 = 1 pressure ulcer, stage 4	48
31	OASIS M0450 = 2 pressure ulcers, stage 4	67
32	OASIS M0450 = 3+ pressure ulcers, stage 4	75
33	OASIS M0450e = 1(unobserved pressure ulcer(s))	17
34	OASIS M0470 = 2 (2 stasis ulcers)	6
35	OASIS M0470 = 3 (3 stasis ulcers)	12
36	OASIS M0470 = 4 (4+ stasis ulcers)	21
37	OASIS M0474 = 1 (unobservable stasis ulcers)	9
38	OASIS M0476 = 1 (status of most problematic stasis ulcer: fully granulating)	6
39	OASIS M0476 = 2 (status of most problematic stasis ulcer: early/partial granulation)	25
40	OASIS M0476 = 3 (status of most problematic stasis ulcer: not healing)	36
41	OASIS M0488 = 2 (status of most problematic surgical wound: early/partial granulation)	4
42	OASIS M0488 = 3 (status of most problematic surgical wound: not healing)	14
OTHER CLINICAL FACTORS:		
43	OASIS M0550=1(ostomy not related to inpt stay/no regimen change)	27
44	OASIS M0550=2 (ostomy related to inpt stay/regimen change)	45
45	Any `Selected Skin Conditions` (rows 1-42 above) AND M0550=1(ostomy not related to inpt stay/no regimen change)	14
46	Any `Selected Skin Conditions` (rows 1-42 above) AND M0550=2(ostomy related to inpt stay/ regimen change)	11
47	OASIS M0250 (Therapy at home) =1 (IV/Infusion)	5
48	OASIS M0520 = 2 (patient requires urinary catheter)	9
49	OASIS M0540 = 4 or 5 (bowel incontinence, daily or >daily)	10

Note: Points are additive, however points may not be given for the same line item in the table more than once. Points are not assigned for a secondary diagnosis if points are already assigned for a primary diagnosis from the same diagnosis /condition group. See Table 10B for definitions of diagnosis/condition groups.

TABLE 10B.--ICD-9-CM DIAGNOSES INCLUDED IN THE DIAGNOSTIC CATEGORIES FOR THE NONROUTINE SUPPLIES (NRS) CASE-MIX ADJUSTMENT MODEL

Diagnostic Category	ICD-9-CM Code*	Manifestation	Short Description of ICD-9-CM Code
Anal fissure, fistula and abscess	565 566		ANAL FISSURE AND FISTULA ABSCCESS OF ANAL AND RECTAL REGIONS
Cellulitis and abscess	681.00 681.01 681.10 681.9		FINGER-CELLULITIS AND ABSCESS, UNSPECIFIED FELON TOE-CELLULITIS AND ABSCESS, UNSPECIFIED CELLULITIS AND ABSCESS OF UNSPECIFIED DIGIT
Diabetic Ulcers	682 250.8x & 707.10- 707.9		OTHER CELLULITIS AND ABSCESS. (PRIMARY DIAGNOSIS = 250.8x AND OTHER DIAGNOSIS = 707.10- 707.9)
Gangrene	440.24 785.4	M	ATHEROSCLER-ART EXTREM W/GANGRENE GANGRENE
Malignant neoplasms of skin	172 173		MALIGNANT MELANOMA OF SKIN OTHER MALIGNANT NEOPLASM OF SKIN
Non-pressure and non-stasis ulcers (other than diabetic)	440.23 447.2 447.8 707.10 707.11 707.12 707.13 707.14 707.15 707.19 707.8 707.9		ATHEROSCLER-ART EXTREM W/ULCERATION RUPTURE OF ARTERY OTHER SPECIFIED DISORDERS OF ARTERIES AND ARTERIOLES ULCER OF LOWER LIMB, UNSPECIFIED ULCER OF THIGH ULCER OF CALF ULCER OF ANKLE ULCER OF HEEL AND MIDFOOT ULCER OF OTHER PART OF FOOT ULCER OF OTHER PART OF LOWER LIMB CHRONIC ULCER OTHER SPECIFIED SITE CHRONIC ULCER OF UNSPECIFIED SITE
Other infections of skin and subcutaneous tissue	680 683 685 686		CARBUNCLE AND FURUNCLE ACUTE LYMPHADENITIS PILONIDAL CYST OTH LOCAL INF SKIN&SUBCUT TISSUE
Post-operative Complications	998.11 998.12 998.13 998.2 998.4 998.6 998.83		HEMORRHAGE COMPLICATING A PROCEDURE. HEMATOMA COMPLICATING A PROCEDURE SEROMA COMPLICATING A PROCEDURE ACC PUNCT/LACERATION DURING PROC NEC FB ACC LEFT DURING PROC NEC PERSISTENT POSTOPERATIVE FIST NEC NON-HEALING SURGICAL WOUND NEC
Traumatic wounds, burns and post-operative complications	870 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 890 891 892 893 894 895 896 897 941 except 941.0x and 941.1x 942 except 942.0x and 942.1x. 943 except 943.0x and 943.1x. 944 except 944.0x and 944.1x. 945 except 945.0x and 945.1x. 946.2 946.3 946.4 946.5 948 998.31 998.32 998.51 998.59 V55.5 V55.0 V55.6		OPEN WOUND OF OCULAR ADNEXA OPEN WOUND OF EAR. OTHER OPEN WOUND OF HEAD. OPEN WOUND OF NECK. OPEN WOUND OF CHEST OPEN WOUND OF BACK. OPEN WOUND OF BUTTOCK. OPEN WND GNT ORGN INCL TRAUMAT AMP. OPEN WOUND OTH&UNSPEC SITE NO LIMBS. OPEN WOUND OF SHOULDER&UPPER ARM. OPEN WOUND OF ELBOW, FOREARM&WRIST OPEN WOUND HAND EXCEPT FINGER ALONE. OPEN WOUND OF FINGER MX&UNSPEC OPEN WOUND UPPER LIMB TRAUMATIC AMPUTATION OF THUMB. TRAUMATIC AMPUTATION OTHER FINGER TRAUMATIC AMPUTATION OF ARM&HAND. OPEN WOUND OF HIP AND THIGH. OPEN WOUND OF KNEE, LEG, AND ANKLE. OPEN WOUND OF FOOT EXCEPT TOE ALONE. OPEN WOUND OF TOE. MX&UNSPEC OPEN WOUND LOWER LIMB. TRAUMATIC AMPUTATION OF TOE. TRAUMATIC AMPUTATION OF FOOT. TRAUMATIC AMPUTATION OF LEG. BURN OF FACE, HEAD, AND NECK. BURN OF TRUNK. BURN OF UPPER LIMB, EXCEPT WRIST AND HAND. BURN OF WRIST(S) AND HAND(S). BURN OF LOWER LIMB(S). BURNS OF MULTIPLE SPECIFIED SITES, BLISTERS, EPIDERMAL LOSS [SECOND DEGREE]. BURNS OF MULTIPLE SPECIFIED SITES, FULL-THICKNESS SKIN LOSS [THIRD DEGREE NOS]. BURNS OF MULTIPLE SPECIFIED SITES, DEEP NECROSIS OF UNDERLYING TISSUES [DEEP THIRD DEGREE] WITHOUT MENTION OF LOSS OF A BODY PART. BURNS OF MULTIPLE SPECIFIED SITES, DEEP NECROSIS OF UNDERLYING TISSUES [DEEP THIRD DEGREE] WITH LOSS OF A BODY PART BURN CLASS ACCORD-BODY SURF INVOLVD DISRUPTION OF INTERNAL OPERATION WOUND. DISRUPTION OF EXTERNAL OPERATION WOUND. INFECTED POSTOPERATIVE SEROMA. OTHER POSTOPERATIVE INFECTION. CYSTOSTOMY-CARE. TRACHEOSTOMY-CARE. OTHER ARTIFICIAL OPENING OF URINARY TRACTNEPHROSTOMY, URETEROSTOMY, URETHROSTOMY.
V-code, Cystostomy Care	V55.5		
V-code, Tracheostomy Care	V55.0		
V-code, Urostomy Care	V55.6		

The points obtained from the above OASIS items are then summed. The resulting points will result in one of the six severity levels below. So, for example, assuming item number 48 and 49 above are the only items resulting in points (in this case, 19 points), the agency would then determine that it falls in severity level 3, for an additional reimbursement of \$139.84 (in addition to the HHRG episodic reimbursement). This amount, by the way, is NOT going to be wage-adjusted as in the HHRG or LUPA amounts. The amounts reflected in TABLE 9 are the amounts that will be reimbursed regardless of CBSA.

To ensure that NRS costs are being reported, claims that do not report NRS costs (charges) will be returned to the provider unless explicitly noted by the agency that NRS was not provided. For episodes in which NRS was provided, the provider will need to resubmit the claim with NRS reported. For episodes in which NRS was not provided, the HHA will need to explicitly note that fact on the claim.

For agencies currently not reflecting Supply charges on claims, it will become critical that agencies begin implementing a process to capture and “bill” for supplies in order to receive the additional Non-Routine Medical Supplies reimbursement. It will no longer be on “option” not to include supplies on the final claim

Case Mix Model

- The number of HHRGs will nearly double from the current 80 HHRGs to 153 HHRGs. The present case-mix model of 80-HHRGs has been rebased, replacing it with a 153-HHRG model, including a revision of the relative weights. The 2008 case-mix model replaces the current therapy threshold at 10 visits per episode with three new therapy thresholds at 6, 14, and 20 therapy visits. The new case mix approach incorporates a “four equation” model depending on the earlier (1st two) episodes or later (3rd +) episodes , and will take into account the number of therapy visits, as follows:
 - < 14 Therapy visits occurring in the first or second episode
 - 14 or more Therapy visits occurring in the first or second episode
 - < 14 Therapy visits occurring after the second episode
 - 14 or more Therapy visits occurring after the second episode
- The Four Equation Model will also factor within the 6, 14, and 20 Therapy Thresholds a gradual increase in payment for therapy visits 7-19, but reflecting a deceleration in the payment in order to decrease the incentive to do more visits. The case mix groups factor this into the Clinical, Functional and Service Utilization Dimensions.

TABLE 5 below lists the new National Standardized HHRG Rates effective for episodes beginning on or after January 1, 2008 for all 153 HHRG's by Episode Sequence and Therapy Threshold. I have also ATTACHED an EXCEL SPREADSHEET file which allows you to input up to nine different CBSA's so that you can compute the rates for your particular CBSA. This is further discussed at the end of this commentary. Note that the table below shows the Therapy visits associated the each of the "S" categories (S1-S5). As explained later on, the Service Utilization dimension score is now based SOLELY on the number of Therapy Visits.

Table 5: Case Mix Groups, Case Mix Weight and Standardized Reimbursement

HHRG Group	CASE MIX WEIGHT							NATIONAL AMOUNT						
	0-13 Therapy			14-19 Therapy			20+ Therapy	0-13 Therapy		14-19 Therapy		20+ Therapy		
	Therapy Visits	Episode 1-2	Episode 3+	Therapy Visits	Episode 1-2	Episode 3+	All Episodes	Episode 1-2	Episode 3+	Episode 1-2	Episode 3+	All Episodes		
C1	F1	S1	0-5	0.5827	0.6543	14-15	1.6118	1.7530	2.5495	1,322.92	1,485.47	3,659.30	3,979.87	5,788.18
C1	F1	S2	6	0.8507	1.0041	16-17	1.7675	1.8689		1,931.36	2,279.63	4,012.79	4,243.00	
C1	F1	S3	7-9	1.0599	1.2065	18-19	1.9046	2.0252		2,406.31	2,739.14	4,324.05	4,597.85	
C1	F1	S4	10	1.2744	1.4277					2,893.30	3,241.34			
C1	F1	S5	11-13	1.4506	1.6024					3,293.33	3,637.96			
C1	F2	S1	0-5	0.6713	0.7882	14-15	1.7281	1.8839	2.7390	1,524.07	1,789.47	3,923.34	4,277.06	6,218.41
C1	F2	S2	6	0.9393	1.1380	16-17	1.8837	1.9998		2,132.51	2,583.62	4,276.60	4,540.19	
C1	F2	S3	7-9	1.1485	1.3405	18-19	2.0208	2.1560		2,607.46	3,043.36	4,587.86	4,894.81	
C1	F2	S4	10	1.3630	1.5617					3,094.45	3,545.56			
C1	F2	S5	11-13	1.5392	1.7364					3,494.48	3,942.18			
C1	F3	S1	0-5	0.7550	0.9151	14-15	1.8010	2.0531	2.9532	1,714.09	2,077.57	4,088.85	4,661.19	6,704.71
C1	F3	S2	6	1.0230	1.2649	16-17	1.9566	2.1690		2,322.54	2,871.73	4,442.11	4,924.32	
C1	F3	S3	7-9	1.2322	1.4674	18-19	2.0937	2.3252		2,797.49	3,331.47	4,753.37	5,278.95	
C1	F3	S4	10	1.4467	1.6886					3,284.47	3,833.66			
C1	F3	S5	11-13	1.6229	1.8632					3,684.50	4,230.06			
C2	F1	S1	0-5	0.7335	0.7124	14-15	1.8626	2.0276	2.7632	1,665.28	1,617.38	4,228.70	4,603.30	6,273.35
C2	F1	S2	6	1.0015	1.0622	16-17	2.0183	2.1435		2,273.73	2,411.53	4,582.19	4,866.43	
C2	F1	S3	7-9	1.2107	1.2646	18-19	2.1554	2.2998		2,748.68	2,871.05	4,893.45	5,221.28	
C2	F1	S4	10	1.4252	1.4858					3,235.66	3,373.24			
C2	F1	S5	11-13	1.6014	1.6605					3,635.69	3,769.87			
C2	F2	S1	0-5	0.8221	0.8463	14-15	1.9789	2.1585	2.9527	1,866.43	1,921.37	4,492.74	4,900.49	6,703.57
C2	F2	S2	6	1.0901	1.1962	16-17	2.1345	2.2744		2,474.88	2,715.76	4,846.00	5,163.62	
C2	F2	S3	7-9	1.2993	1.3986	18-19	2.2716	2.4306		2,949.83	3,175.27	5,157.26	5,518.24	
C2	F2	S4	10	1.5138	1.6198					3,436.81	3,677.46			
C2	F2	S5	11-13	1.6900	1.7945					3,836.84	4,074.09			
C2	F3	S1	0-5	0.9058	0.9732	14-15	2.0518	2.3277	3.1669	2,056.46	2,209.48	4,658.24	5,284.62	7,189.88
C2	F3	S2	6	1.1738	1.3230	16-17	2.2074	2.4436		2,664.90	3,003.63	5,011.50	5,547.75	
C2	F3	S3	7-9	1.3830	1.5255	18-19	2.3445	2.5998		3,139.85	3,463.37	5,322.77	5,902.38	
C2	F3	S4	10	1.5975	1.7467					3,626.84	3,965.57			
C2	F3	S5	11-13	1.7737	1.9213					4,026.87	4,361.97			
C3	F1	S1	0-5	0.9010	0.9399	14-15	2.1524	2.3479	3.0835	2,045.56	2,133.87	4,886.64	5,330.48	7,000.53
C3	F1	S2	6	1.1691	1.2897	16-17	2.3081	2.4637		2,654.23	2,928.03	5,240.13	5,593.39	
C3	F1	S3	7-9	1.3783	1.4922	18-19	2.4451	2.6200		3,129.18	3,387.77	5,551.16	5,948.24	
C3	F1	S4	10	1.5927	1.7134					3,615.94	3,889.97			
C3	F1	S5	11-13	1.7690	1.8880					4,016.20	4,286.36			
C3	F2	S1	0-5	0.9896	1.0738	14-15	2.2686	2.4787	3.2730	2,246.71	2,437.87	5,150.45	5,627.44	7,430.76
C3	F2	S2	6	1.2577	1.4237	16-17	2.4243	2.5946		2,855.38	3,232.25	5,503.94	5,890.57	
C3	F2	S3	7-9	1.4669	1.6261	18-19	2.5613	2.7509		3,330.33	3,691.77	5,814.97	6,245.42	
C3	F2	S4	10	1.6813	1.8473					3,817.09	4,193.96			
C3	F2	S5	11-13	1.8576	2.0220					4,217.35	4,590.59			
C3	F3	S1	0-5	1.0733	1.2007	14-15	2.3415	2.6479	3.4872	2,436.73	2,725.97	5,315.95	6,011.58	7,917.06
C3	F3	S2	6	1.3414	1.5506	16-17	2.4972	2.7638		3,045.41	3,520.36	5,669.44	6,274.71	
C3	F3	S3	7-9	1.5506	1.7530	18-19	2.6342	2.9201		3,520.36	3,979.87	5,980.48	6,629.56	
C3	F3	S4	10	1.7650	1.9742					4,007.11	4,482.07			
C3	F3	S5	11-13	1.9413	2.1489					4,407.37	4,878.69			

Case-Mix Model Variables

The following changes are made to the Case Mix Model:

- Creates M0110 for new item to identify early and later episodes
- Excludes M0175, M0530, M0440, & M0610
- Adds M0800
- Modifies format of M0230/240 to accommodate changes to payment diagnoses
- M0246 replaces M0245 and now allows for multiple coding for both primary and secondary diagnoses
- Includes M0826 and replaces M0825 (identifies the number of projected therapy visits for the episode, which affects the particular case-mix group for which that episode will be grouped)
- Includes scores for infected surgical wounds, abscesses, chronic ulcers, gangrene, dysphagia, tracheostomy, and cystostomy.
- Adds gastrointestinal, pulmonary, cardiac, hypertension, cancer, blood disorders, and affective and other psychoses diagnosis groups
- Assigns points for some secondary diagnoses
- Assigns points for some combinations of conditions in the same episode

TABLE 2A shows the revised Case-Mix Variables and scores resulting from the various OASIS and Diagnosis combinations and interactions.

Table 2A: Case-Mix Adjustment Variables and Scores

	Episode number within sequence of adjacent episodes	1 or 2	1 or 2	3+	3+
	Therapy visits	0- 13	14+	0- 13	14+
	EQUATION:	1	2	3	4
CLINICAL DIMENSION					
1	Primary or Other Diagnosis = Blindness/Low Vision	3	3	3	3
2	Primary or Other Diagnosis = Blood disorders	2	5		
3	Primary or Other Diagnosis = Cancer, selected benign neoplasms	4	7	3	10
4	Primary Diagnosis = Diabetes	5	12	1	8
5	Other Diagnosis = Diabetes	2	4	1	4
6	Primary or Other Diagnosis = Dysphagia AND Primary or Other Diagnosis = Neuro 3 - Stroke	2	6		6
7	Primary or Other Diagnosis = Dysphagia AND M0250 (Therapy at home) = 3 (Enteral)		6		
8	Primary or Other Diagnosis = Gastrointestinal disorders	2	6	1	4
9	Primary or Other Diagnosis = Gastrointestinal disorders AND M0550 (ostomy)= 1 or 2	3			
10	Primary or Other Diagnosis = Gastrointestinal disorders AND Primary or Other Diagnosis = Neuro 1 - Brain disorders and paralysis, OR Neuro 2 - Peripheral neurological disorders, OR Neuro 3 - Stroke, OR Neuro 4 - Multiple Sclerosis			2	
11	Primary or Other Diagnosis = Heart Disease OR Hypertension	3	7	1	8
12	Primary Diagnosis = Neuro 1 - Brain disorders and paralysis	3	8	5	8
13	Primary or Other Diagnosis = Neuro 1 - Brain disorders and paralysis AND M0680 (Toileting) = 2 or more	3	10	3	10
14	Primary or Other Diagnosis = Neuro 1 - Brain disorders and paralysis OR Neuro 2 - Peripheral neurological disorders AND M0650 or M0660 (Dressing upper or lower body)= 1, 2, or 3	2	4	2	2
15	Primary or Other Diagnosis = Neuro 3 - Stroke		1		
16	Primary or Other Diagnosis = Neuro 3 - Stroke AND M0650 or M0660 (Dressing upper or lower body)= 1, 2, or 3	1	3	2	8

Table 2A: Case-Mix Adjustment Variables and Scores

	Episode number within sequence of adjacent episodes	1 or 2	1 or 2	3+	3+
	Therapy visits	0- 13	14+	0- 13	14+
	<i>EQUATION:</i>	1	2	3	4
CLINICAL DIMENSION					
16	M0650 or M0660 (Dressing upper or lower body)= 1, 2, or 3		3	2	8
17	Primary or Other Diagnosis = Neuro 3 - Stroke AND M0700 (Ambulation) = 3 or more	1	5		
18	Primary or Other Diagnosis = Neuro 4 - Multiple Sclerosis AND AT LEAST ONE OF THE FOLLOWING: M0670 (bathing) = 2 or more OR M0680 (Toileting) = 2 or more OR M0690 (Transferring) = 2 or more OR M0700 (Ambulation) = 3 or more	3	3	12	18
19	Primary or Other Diagnosis = Ortho 1 - Leg Disorders or Gait Disorders AND M0460 (most problematic pressure ulcer stage)= 1, 2, 3 or 4	2			
20	Primary or Other Diagnosis = Ortho 1 - Leg OR Ortho 2 - Other orthopedic disorders AND M0250 (Therapy at home) = 1 (IV/Infusion) or 2 (Parenteral)	5	5		
21	Primary or Other Diagnosis = Psych 1 - Affective and other psychoses, depression	3	5	2	5
22	Primary or Other Diagnosis = Psych 2 - Degenerative and other organic psychiatric disorders	1	2		2
23	Primary or Other Diagnosis = Pulmonary disorders	1	5	1	5
24	Primary or Other Diagnosis = Pulmonary disorders AND M0700 (Ambulation) = 1 or more	1			
25	Primary Diagnosis = Skin 1 -Traumatic wounds, burns, and post-operative complications	10	20	8	20
26	Other Diagnosis = Skin 1 - Traumatic wounds, burns, post-operative complications	6	6	4	4
27	Primary or Other Diagnosis = Skin 1 -Traumatic wounds, burns, and post-operative complications OR Skin 2 - Ulcers and other skin conditions AND M0250 (Therapy at home) = 1 (IV/Infusion) or 2 (Parenteral)	2		2	
28	Primary or Other Diagnosis = Skin 2 - Ulcers and other skin conditions	6	12	5	12
29	Primary or Other Diagnosis = Tracheostomy	4	4	4	
30	Primary or Other Diagnosis = Urostomy/Cystostomy	6	23	4	23

Table 2A: Case-Mix Adjustment Variables and Scores

Episode number within sequence of adjacent episodes		1 or 2	1 or 2	3+	3+
Therapy visits		0- 13	14+	0- 13	14+
<i>EQUATION:</i>		1	2	3	4
CLINICAL DIMENSION					
31	M0250 (Therapy at home) = 1 (IV/Infusion) or 2 (Parenteral)	8	15	5	12
32	M0250 (Therapy at home) = 3 (Enteral)	4	12		12
33	M0390 (Vision) = 1 or more	1			1
34	M0420 (Pain)= 2 or 3	1			
35	M0450 = Two or more pressure ulcers at stage 3 or 4	3	3	5	5
36	M0460 (Most problematic pressure ulcer stage)= 1 or 2	5	11	5	11
37	M0460 (Most problematic pressure ulcer stage)= 3 or 4	16	26	12	23
38	M0476 (Stasis ulcer status)= 2	8	8	8	8
39	M0476 (Stasis ulcer status)= 3	11	11	11	11
40	M0488 (Surgical wound status)= 2		2	3	
41	M0488 (Surgical wound status)= 3	4	4	4	4
42	M0490 (Dyspnea) = 2, 3, or 4	2	2		
43	M0540 (Bowel Incontinence) = 2 to 5	1	2	1	
44	M0550 (Ostomy)= 1 or 2	5	9	3	9
45	M0800 (Injectable Drug Use) = 0, 1, or 2	1	1	2	4
FUNCTIONAL DIMENSION					
46	M0650 or M0660 (Dressing upper or lower body)= 1, 2, or 3	2	4	2	2
47	M0670 (Bathing) = 2 or more	3	3	6	6
48	M0680 (Toileting) = 2 or more	2	3	2	
49	M0690 (Transferring) = 2 or more		2		
50	M0700 (Ambulation) = 1 or 2	1		1	
51	M0700 (Ambulation) = 3 or more	3	4	4	5

Points are additive, however points may not be given for the same line item in the table more than once.

Below is an enhanced version of the TABLE 2A. It provides a “cross sectional” comparison of the “old” and “new” Grouper version, and its related points awarded. It basically compares TABLE 2A (above) of the 2008 Final Rule with “TABLE 7 in the 2000 Final Rule.” It also includes the *OASIS description* to more easily help you understand the specific portion the OASIS item that actually drives the scoring. It essentially compares the scores awarded for the various OASIS combinations and interactions of case mix items, (such as diagnosis code coupled with a functional domain score) with the current 2000 Grouper Model.

Case Mix Variables & Scores

FINAL Table 2a Item #	Bridge 2008 to 2000 Version	Old Item #	Oasis+ Item	Description	Value	Episode number within sequence				Points based on 2000 Model	
						1 or 2	1 or 2	3+	3+		
						Therapy Visits Equation	0-13	14+	0-13		14+
			MO110	Episode Timing	Early = 1 / Late = 2					na	
Clinical Dimension											
		1	M0230	Primary Diagnosis	Neurological	Neurological DG					20
1	1.01		M0230, 240	Primary or Other Diagnosis	Blindness	Blindness / Low Vision	3	3	3	3	
2	1.02		M0230, 240	Primary or Other Diagnosis	Blood	Blood disorders	2	5			
3	1.03		M0230, 240	Primary or Other Diagnosis	Cancer	Cancer, selected benign neoplasms	4	7	3	10	
4	1.04	1	M0230	Primary Diagnosis	Diabetes	Diabetes	5	12	1	8	17
5	1.05		M0240	Other Diagnosis	Diabetes	Diabetes	2	4	1	4	
6	1.06		M0230, 240 M0230, 240	Primary or Other Diagnosis Primary or Other Diagnosis	Dysphagia AND Neuro 3	Dysphagia AND Stroke	2	6	-	6	
7	1.07		M0230, 240 M0250	Primary or Other Diagnosis Therapies at Home	Dysphagia AND Box 3	Dysphagia AND Enteral nutrition (nasogastric, gastrostomy, jejunostomy, or any other artificial entry into the alimentary canal)	-	6	-	-	
8	1.08		M0230, 240	Primary or Other Diagnosis	Gastro	Gastrointestinal disorders	2	6	1	4	
9	1.09		M0230, 240 M0550 M0550	Primary or Other Diagnosis Ostomy Ostomy	Gastro AND Box 1 or Box 2	Gastrointestinal disorders AND Patient's ostomy was not related to an inpatient stay and did not necessitate change in medical or treatment regimen. The ostomy was related to an inpatient stay or did necessitate change in medical or treatment regimen	3	-	-	-	
10	1.1		M0230, 240 M0230, 240	Primary or Other Diagnosis Primary or Other Diagnosis	Gastro AND Neuro 1, 2, 3 or 4	Gastrointestinal disorders AND Neuro 1 (Brain disorder and paralysis) OR Neuro 2 (Perepheral neurological disorder) OR Neuro 3 (Stroke) OR Neuro 4 (Multiple Schlerosis)	-	-	2	-	
11	1.11		M0230, 240	Primary or Other Diagnosis	Heart Disease or Hypertension	Heart Disease or Hypertension	3	7	1	8	
12	1.12		M0230	Primary	Neuro 1	Brain disorders and paralysis	3	8	5	8	
13	1.13		M0230, 240 M0680	Primary or Other Diagnosis Toileting	Neuro 1 AND Box 2 or more	Brain disorders and paralysis AND Unable to get to and from the toilet but is able to use a bedside commode (with or without assistance). ...	3	10	3	10	
14	1.14		M0230, 240 M0230, 240 M0650 M0660	Primary or Other Diagnosis Primary or Other Diagnosis Dressing Upper Body Dressing Lower Body	Neuro 1 OR Neuro 2 AND Box 1 or Box 2 or Box 3 OR Box 1 or Box 2 or Box 3	Brain disorders and paralysis OR Perepheral neurological disorder AND Able to dress upper body without assistance if clothing is laid out or handed to the patient Someone must help the patient put on upper body clothing Patient depends entirely upon another person to dress the upper body Able to dress lower body without assistance if clothing and shoes are laid out or handed to the patient Someone must help the patient put on undergarments, slacks, socks or nylons, and shoes Patient depends entirely upon another person to dress lower body	2	4	2	2	
15	1.15		M0230, 240	Primary or Other Diagnosis	Neuro 3	Stroke	-	1	-	-	
16	1.16		M0230, 240 M0650 M0660	Primary or Other Diagnosis Dressing Upper Body Dressing Lower Body	Neuro 3 AND Box 1, 2 or 3 OR Box 1, 2 or 3	Stroke Able to dress upper body without assistance if clothing is laid out or handed to the patient ... Able to dress lower body without assistance if clothing and shoes are laid out or handed to the patient....	1	3	2	8	
17	1.17		M0230, 240 M0700	Primary or Other Diagnosis Ambulation	Neuro 3 AND Box 3 or Box 4 or Box 5	Stroke Chairfast, unable to ambulate but is able to wheel self independently Chairfast, unable to ambulate and is unable to wheel self Bedfast, unable to ambulate or be up in a chair.	1	5	-	-	
18	1.18		M0230, 240 M0670 M0680 M0690 M0700	Primary or Other Diagnosis Bathing Toileting Transferring Ambulation	Neuro 4 AND Box 2 or Box 3 or Box 4 or Box 5 OR Box 2 or Box 3 or Box 4 OR Box 2 or Box 3 or Box 4 or Box 5 OR Box 3 or Box 4 or Box 5	Multiple Schlerosis Able to bathe in shower or tub with the assistance of another person: (a) for intermittent supervision or encouragement or reminders, OR (b) to get in and out of the shower or tub, OR (c) for washing difficult to reach areas Participates in bathing self in shower or tub, but requires presence of another person throughout the bath for assistance or supervision Unable to use the shower or tub and is bathed in bed or bedside chair Unable to effectively participate in bathing and is totally bathed by another person Unable to get to and from the toilet but is able to use a bedside commode (with or without assistance).... Unable to get to and from the toilet or bedside commode but is able to use a bedpan/urinal independently Is totally dependent in toileting Unable to transfer self but is able to bear weight and pivot during the transfer process... Unable to transfer self and is unable to bear weight or pivot when transferred by another person Bedfast, unable to transfer but is able to turn and position self in bed Bedfast, unable to transfer and is unable to turn and position self Chairfast, unable to ambulate but is able to wheel self independently Chairfast, unable to ambulate and is unable to wheel self Bedfast, unable to ambulate or be up in a chair.	3	3	12	18	

Case Mix Variables & Scores

FINAL Table 2a Item #	Bridge 2008 to 2000 Version	Old Item #	Oasis+ Item	Description	Value	Episode number within sequence				Points based on 2000 Model	
						1 or 2	1 or 2	3+	3+		
						Therapy Visits	Therapy Visits	Therapy Visits	Therapy Visits		
			MO110	Episode Timing	Early = 1 / Late = 2					na	
Clinical Dimension											
19	1.19		M0230, 240 M0460	Primary or Other Diagnosis Most Problematic (Observable) Pressure Ulcer	Ortho 1 AND Box 1, 2, 3 or 4	Leg Disorders or Gait Disorders Stage 1, 2, 3, 4	2	-	-	-	
		1	M0230	Primary Diagnosis	Orthopedic	Orthopedic					11
20	1.2		M0230, 240 M0230, 240 M0250 M0250	Primary or Other Diagnosis Primary or Other Diagnosis Therapy at Home Therapy at Home	Ortho 1 OR Ortho 2 AND Box 1 or Box 2	Leg Disorders or Gait Disorders Other Orthopedic Disorders Intravenous or infusion therapy (excludes TPN) Parenteral nutrition (TPN or lipids)	5	5	-	-	
21	1.21		M0230, 240	Primary or Other Diagnosis	Psych 1	Affective and other psychoses, depression	3	5	2	5	
22	1.22		M0230, 240	Primary or Other Diagnosis	Psych 2	Denerative & other organic psych disorders	1	2	-	2	
23	1.23		M0230, 240	Primary or Other Diagnosis	Pulmonary	Pulmonary disorders	1	5	1	5	
24	1.24		M0230, 240 M0700	Primary or Other Diagnosis Ambulation	Pulmonary AND Box 1 or Box 2 or Box 3 or Box 4 or Box 5	Pulmonary disorders Requires use of a device (e.g., cane, walker) to walk alone or requires human supervision or assistance to negotiate stairs or steps or uneven surfaces..... Able to walk only with the supervision or assistance of another person at all times Chairfast, unable to ambulate but is able to wheel self independently Chairfast, unable to ambulate and is unable to wheel self Bedfast, unable to ambulate or be up in a chair	1	-	-	-	
		5	M0440	Wound / Lesion	Box 1 & MO 230 us Burn / Trauma	Does this patient have a Skin Lesion or an Open Wound? This excludes "OSTOMIES."	REPLACED WITH DIAGNOSIS				21
25	5.25		M0230	Primary Diagnosis	Skin 1	Traumatic wounds, burns, & post-operative complications	10	20	8	20	
26	1.26		M0240	Other Diagnosis	Skin 1	Traumatic wounds, burns, & post-operative complications	6	6	4	4	
27	1.27		M0230, 240 M0230, 240 M0250 M0250	Primary or Other Diagnosis Primary or Other Diagnosis Primary or Other Diagnosis Primary or Other Diagnosis	Skin 1 OR Skin 2 AND Box 1 or Box 2	Traumatic wounds, burns, & post-operative complications Ulcers and other skin conditions Intravenous or infusion therapy (excludes TPN) Parenteral nutrition (TPN or lipids)	2		2		
28	1.28		M0230, 240	Primary or Other Diagnosis	Skin 2	Ulcers and other skin conditions	6	12	5	12	
29	1.29		M0230, 240	Primary or Other Diagnosis	Tracheostomy	Tracheostomy	4	4	4		
30	1.3		M0230, 240	Primary or Other Diagnosis	Urostomy/Cystostomy	Urostomy/Cystostomy	6	23	4	23	
31	2	2	M0250	Therapy at Home	Box 1 or Box 2	Intravenous or infusion therapy (excludes TPN) Parenteral nutrition (TPN or lipids)	8	15	5	12	14 20
32		2	M0250	Therapy at Home	Box 3	Enteral nutrition (nasogastric, gastrostomy, jejunostomy, or any other artificial entry into the alimentary canal)	4	12	-	12	24
33	3	3	M0390	Vision	Box 1 or Box 2	Partially impaired: cannot see medication labels or newspaper, but can see obstacles in path, and the surrounding layout; can count fingers at arm's length Severely impaired: cannot locate objects without hearing or touching them or patient nonresponsive	1	-	-	1	6
34	4	4	M0420	Pain	Box 2 or Box 3	Daily, but not constantly All of the time	1	-	-	-	5
35	6	6	MO450	Multiple Pressure Ulcer	If 2 or more Stage 3 or 4 Pressure Ulcers	Current Number of Pressure Ulcers at Each Stage Stage 3: Full-thickness skin loss involving damage or necrosis of subcutaneous tissue which may extend down to, but not through, underlying fascia. The ulcer presents clinically as a deep crater with or without undermining of adjacent tissue Stage 4: Full-thickness skin loss with extensive destruction, tissue necrosis, or damage to muscle, bone, or supporting structures (e.g., tendon, joint capsule, etc.)	3	3	5	5	17
36	7.37	7	M0460	Most Problematic (Observable) Pressure Ulcer	Box 1 or	Stage 1	5	11	5	11	15
37	7.36	7	M0460	Most Problematic (Observable) Pressure Ulcer	Box 2 Box 3 or Box 4	Stage 2 Stage 3 Stage 4	16	26	12	23	36
38	8	8	M0476	Stasis ulcer status	Box 2 Box 3	Early/partial granulation Not healing	8	8	8	8	14 22
40	9	9	M0488	Surgical Wound status	Box 2 Box 3	Early/partial granulation Not healing	-	2	3	-	7 15
42	10	10	M0490	Dyspnea	Box 2 or Box 3 or Box 4	With moderate exertion (e.g., while dressing, using commode or bedpan, walking distances less than 20 feet) With minimal exertion (e.g., while eating, talking, or performing other ADLs) or with agitation At rest (during day or night)	2	2	-	-	5
	14	11	M0530	Urinary Incontinence	Box 1 or Box 2	During the night only During the day and night	na	na	na	na	6
43	12	12	M0540	Bowel Incontinence	Box 2 or Box 3 or Box 4 or Box 5	One to three times weekly Four to six times weekly On a daily basis More often than once daily	1	2	1	-	9
44	13	13	M0550	Bowel Ostomy	Box 1 or Box 2	Patient's ostomy was not related to an inpatient stay and did not necessitate change in medical or treatment regimen. The ostomy was related to an inpatient stay or did necessitate change in medical or treatment regimen.	5	9	3	9	10
		14	M0610	Behavioral Problems	Box 1 to 6	Memory deficit: failure to recognize familiar persons/places; inability to recall events of past 24 hours; significant memory loss so that supervision is required	na	na	na	na	3
45	14		MO800	Injectible Durg Use	Box 0 or Box 1 or Box 2	Able to independently take the correct medication and proper dosage at the correct times Able to take injectable medication at correct times if: (a) individual syringes are prepared in advance by another person, OR (b) given daily reminders Unable to take injectable medications unless administered by someone else	1	1	2	4	na

Functional Dimension											
			Oasis+ Item	Description	Value	Value					
46	15	15	M0650	Dressing Upper Body OR	Box 1 or Box 2 or Box 3	Able to dress upper body without assistance if clothing is laid out or handed to the patient Someone must help the patient put on upper body clothing Patient depends entirely upon another person to dress the upper body	2	4	2	2	4
	16	16	M0660	Dressing Lower Body	Box 1 or Box 2 or Box 3	Able to dress lower body without assistance if clothing and shoes are laid out or handed to the patient Someone must help the patient put on undergarments, slacks, socks or nylons, and shoes Patient depends entirely upon another person to dress lower body					
47	17	17	M0670	Bathing	Box 2 or Box 3 or Box 4 or Box 5	Able to bathe in shower or tub with the assistance of another person for intermittent supervision or encouragement or reminders OR to get in and out of shower or tub OR for washing difficult to reach areas Participates in bathing self in shower or tub, but requires presence of another person throughout the bath for assistance or supervision Unable to use the shower or tub and is bathed in bed or bedside chair Unable to effectively participate in bathing and is totally bathed by another person	3	3	6	6	8
48	18	18	M0680	Toileting	Box 2 or Box 3 or Box 4	Unable to get to and from the toilet but is able to use a bedside commode (with or without assistance) Unable to get to and from the toilet or bedside commode but is able to use a bedpan/urinal independently Is totally dependent in toileting	2	3	2		3
	19	19	M0690	Transferring	Box 1	Transfers with minimal human assistance or with use of an assistive device					3
49			M0690	Transferring	Box 2 or Box 3 or Box 4 or Box 5	Unable to transfer self but is able to bear weight and pivot during the transfer process Unable to transfer self and is unable to bear weight or pivot when transferred by another person Bedfast, unable to transfer but is able to turn and position self in bed Bedfast, unable to transfer and is unable to turn and position self	-	2	-	-	6
50	20	20	M0700	Ambulation	Box 1 or	Requires use of a device (e.g., cane, walker) to walk alone or requires human supervision or assistance to negotiate stairs or steps or uneven surfaces	1	-	1	-	6
51			M0700	Ambulation	Box 2 Box 3 or Box 4 or Box 5	Able to walk only with the supervision or assistance of another person at all times Chairfast, unable to ambulate but is able to wheel self independently Chairfast, unable to ambulate and is unable to wheel self Bedfast, unable to ambulate or be up in a chair	3	4	4	5	9
							11	16	15	13	39

Service Utilization Dimension											
			Oasis+ Item	Description	Value	Value					
		20	M0175, line 1	NO Hospital past 14 days	Box 1-Blank	Patient NOT discharged during the past 14 days from Hospital	na	na	na	na	1
			M0175, line 2 M0175, line 3	Inpatient Rehab/SNF past 14 days	Box-2 Box-3	Patient discharged during the past 14 days Rehabilitation facility Nursing home	na	na	na	na	2
		21	M0825	10 or more Therapy Visits	Yes	Is patient expected to receive 10 or more visits of PT, OT, or OT in the 60-day certification period?	na	na	na	na	4
	21		M0826	Therapy Need		Number of therapy visits indicated (total of physical, occupational and speech-language pathology combined)	0-13	14-19 or 20+	0-13	14-19 or 20+	

Scoring of diagnosis codes will be CUMULATIVE instead of just counting the highest-paying diagnosis group, as agencies do currently. However, codes in the same case mix diagnosis GROUP will not add together. Only the highest-point diagnosis from the group will count. Note that a number of Functional MO items add to **BOTH** Functional scores as well as Clinical scores, when in combination with certain diagnosis.

In summary, reimbursement would be determined in following manner:

1. Fill out the OASIS items that determine payment.
2. Once a determination is made as to the (1) Episode Sequence (MO110) (earlier or later) and (2) the Number of Therapy Visits (MO826), the points are then assigned according to Table 2A above and summed for Clinical, Functional and Service Utilization dimensions.
3. Then you translate the Dimension scores into HHRG codes CxFxSx by applying new Grouper Scores from TABLE 3 below.
4. Assign the case mix weight for that HHRG (TABLE 5). The case mix weight will depend on which episode (MO110) and number of therapy visits (MO826).
5. Multiply case mix weight times Wage Adjusted PPS rate. (TABLE 5)
6. Finally, add the Non-Routine supply amount (TABLE 9).

TABLE 3 below compares the Scoring for the Clinical, Functional or Service Utilization dimension assignment - based on the points awarded - with the Old 2000 Grouper Scoring (see column on far right).

Note that the Service Utilization dimension score is now based SOLELY on the number of Therapy Visits. Therefore the change in reimbursement, as you progress from a level S1 thru S5, etc., solely accounts for changes in Therapy Reimbursement. Instead of the “all or nothing” 10-Therapy visit payment threshold, payments attributable to Therapy visits will now vary depending whether the episode is in the first two episodes, OR the third episode or greater.

Also note that the various Dimensions no longer begin with a “0” (i.e., C0, F0, and S0); it now begins with a “1” (i.e., C1, F1, and S1).

Also note that there are now:

Three (3) Clinical, Three (3) Functional, and Five (5) Service Utilization dimensions

Compared to:

Four (4) Clinical, Five (5) Functional, and Four (4) Service Utilization dimensions under the current system.

Table 3 - GROUPER SCORING - Four Equation Model
2008 Scoring

2000 Scoring

		Episodes 1 & 2		Episodes 3+		All Episodes			
		0-13 Therapy Visits	14-19 Therapy Visits	0-13 Therapy Visits	14-19 Therapy Visits	20+ Therapy Visits			
Grouping Step		Step 1	Step 2	Step 3	Step 4	Step 5			
Equation(s) used to Calculate Points (Table 2a)		1	2	3	4	2 & 4			
Dimension Severity Level									
Clinical Points from Table 2a	C1	0	4	0	6	0	2	0	7
	C2	5	8	7	14	3	5	9	16
	C3	9	+	15	+	6	+	17	+
Functional Points Table 2a	F1	0	5	0	6	0	8	0	6
	F2	6	6	7	7	9	9	8	8
	F3	7	+	8	+	10	+	9	+
Service Utilization Number of Therapy Visits	S1	0	5	14	15	0	5	14	15
	S2	6	6	16	17	6	6	16	17
	S3	7	9	18	19	7	9	18	19
	S4	10	10			10	10		
	S5	11	13			11	13		

C0	0	7
C1	8	19
C2	20	40
C3	41	
F0	0	2
F1	3	15
F2	16	23
F3	24	29
F4	30	
S0	0	2
S1	3	3
S2	4	6
S3	7	

The table below reflects the incremental dollar value increase for each of the therapy thresholds. These amounts would of course be wage-adjusted based on the CBSA where the patient resides.

HHRG			Therapy Visits	Payment Increase Attributable to Therapy		Total Payment Attributable to Therapy	
Cx	Fx	Sx		Episode 1-2	Episode 3+	Episode 1-2	Episode 3+
Threshold 1							
C1	F1	S1	0-5				
C1	F1	S2	6	608.45	794.16	608.45	794.16
C1	F1	S3	7-9	474.95	459.51	1,083.40	1,253.67
C1	F1	S4	10	486.98	502.19	1,570.38	1,755.87
C1	F1	S5	11-13	400.03	396.62	1,970.41	2,152.49
Threshold 2							
C1	F1	S1	14-15	365.98	341.91	2,336.39	2,494.40
C1	F1	S2	16-17	353.49	263.13	2,689.88	2,757.53
C1	F1	S3	18-19	311.26	354.85	3,001.14	3,112.38
Threshold 3							
C1	F1	S1	20+	1,464.13	1,190.33	4,465.27	4,302.71

Low Utilization Payment Adjustment (LUPA) per visit rates changes are reflected below. The LUPA rates will need to be further adjusted for wage index.

	2007	2008
Skilled Nursing	\$102.11	\$114.71
Home Health Aide	\$46.24	\$47.51
Medical Social Service	\$163.68	\$168.17
Occupational Therapy	\$112.40	\$115.48
Physical Therapy	\$111.65	\$114.71
Speech Therapy	\$121.22	\$124.65
Additional Payment for First or Only Episode	-	\$87.93

An additional payment of \$87.93 will now be made to compensate agencies for the high front-end cost of LUPA episodes. Specifically, a wage adjusted amount will be made for LUPA episodes that occur as the:

- Only episodes OR
- First episode during a sequence of adjacent episodes.

Partial Episodic Payments (PEPs) remain unchanged.

Significant Change in Conditions (SCICs) are eliminated. We consider the eliminating the SCIC's to be a positive development. Even though SCICs were designed to help agencies get higher reimbursement for patients who get suddenly worse during an episode, SCICs tended to confuse agencies more than it helped. Ultimately, many agencies did not take full advantage of the SCIC's.

Outliers: the Fixed Dollar Loss (FDL) ratio will increase from a factor of **.67** (\$1,565.83) to **.89** (\$2,020.58); the Cost Sharing Factor will remain at **80%**. The increase in the FDL ratio means it will be a little harder to qualify for an outlier.

Wage Index will continue to be based on the most recently available pre-floor/pre-classified hospital wage index. However the Labor portion will change from 76.775% to 77.082%.

Recommendations

We recommend that agencies immediately begin assessing the impact PPS will have on their particular agency.

1. Study the new rules and regulations. There is no substitute for reading the Final Rule to fully gain an understanding.
2. Perform impact assessments. Some software vendors have the capability of taking the 2007 episodes and recomputing reimbursement under the 2008 rates using the current OASIS data. If your vendor does not have this capability, perform your own impact assessment by taking a sample of claims, rescored using the 2008 rates, and compare. Keep in mind, however, that in the past you may NOT have been including ALL of the primary and secondary diagnosis in your OASIS assessments since they were not or may not have been required, and had no

reimbursement impact. Under the new case mix system, many more diagnosis (both primary and secondary) will now count towards scoring.

3. Review OASIS coding accuracy. Under the new regulations changes, M0 item scores for diagnoses, episode, functionality and clinical conditions interrelate to impact the HHRG score. It is important to understand how OASIS drives the case-mix score. As stated previously, the scoring of diagnosis codes will be cumulative instead of just counting the highest-paying diagnosis group, as agencies do currently. A number of Functional MO items will now result in **both** Functional scores as well as Clinical scores when in combination with certain diagnosis.
4. Integrate clinical, billing and financial staff in planning operational changes. The billing staff must function as a “bridge” between the clinical and financial staff. Clinical staff performing the assessments and completing OASIS must have a comprehensive understanding of the impact OASIS has on reimbursement.
5. The success of your agency may hinge on the ability to adapt to these new rule changes. It will become extremely important to undertake whatever steps are necessary to bring your agency technologically and operationally in line with the anticipated changes. Start training now if you hope to be ready for PPS refinements by January.

If we can be of assistance, please do not hesitate to give us a call.

Sincerely,

Glen Langlinais, CPA

LANGLINAIS BROUSSARD & KOHLENBERG
Certified Public Accountants