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HOME HEALTH AND HOSPICE CARE REIMBURSEMENT HANDBOOK

1. **REASON FOR ISSUE:** This Veterans Health Administration (VHA) Handbook provides specific guidance for establishing reimbursement rates for selected home and community based care services.
2. **SUMMARY OF MAJOR CHANGES:** This is a new Handbook that incorporates procedural changes for establishing reimbursement benchmarks for home health and hospice care services.
3. **RELATED DIRECTIVES:** VHA Directive 1140 (to be published).
4. **FOLLOW-UP RESPONSIBILITY:** The Chief Consultant for Geriatrics and Extended Care Strategic Healthcare Group (114) is responsible for the contents of this Handbook. Questions may be addressed to 202-273-8543.
5. **RECISSIONS:** None.
6. **RECERTIFICATION:** This document is scheduled for re-certification on or before the last working day of August 2009.

S/ Jonathan B. Perlin, MD, PhD, MSHA, FACP
Acting Under Secretary for Health

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HOME HEALTH AND HOSPICE CARE REIMBURSEMENT HANDBOOK

1. PURPOSE

This Veterans Health Administration (VHA) Handbook provides direction for establishing reimbursement rates for Home Health and Hospice Care Services. **NOTE:** *This Handbook replaces M-1, Part I, Chapter 30 for all purchased home health care services except Spinal Cord Injury Home Care (SCI-HC); however, SCI-HC will continue to use the M-1 series, Chapter 18 and 30 for program operations.*

2. BACKGROUND

a. The Department of Veterans Affairs (VA) long-term care includes a continuum of services for the delivery of care to veterans needing assistance due to chronic illness, physical disability, or end of life care. Assistance takes many forms and is provided in varied settings, including institutional care in nursing homes, or non-institutional care in home or community-based settings.

b. In the past, VHA furnished home care services, both skilled home health care (SHHC) and Homemaker/Home Health Aide (H/HHA) services, as well as hospice care, to a limited number of veterans through Home Based Primary Care (HBPC) programs and a limited fee-for-service program. Today, all enrolled veterans are eligible for a comprehensive array of medically necessary in-home services as identified in VA's medical benefits package (see Title 38 Code of Federal Regulations (CFR) 17.38(a) (1)(ix)). These services are an increasingly important component of VHA's integrated health care delivery system.

3. SCOPE

a. VHA is committed to the provision of clinically appropriate home health care services as an integral component of medical care services. VHA purchases skilled home health care, homemaker/home health aide services, respite care, hospice care services, and other in-home services to enhance or build a comprehensive array of resources necessary to address the short term or long term care needs of enrolled veterans.

b. This Handbook specifies:

(1) Benchmark reimbursement rates, set at maximal levels, for VA-purchased home health care and comprehensive hospice care services.

(2) Processes for establishing local reimbursement rates for VA-purchased home health and comprehensive hospice care services.

4. GOALS

The goals of VHA home health and hospice care programs are to assure that clinically appropriate services are available in the home as a component of the medical care necessary to support veterans in restoring or improving their health status, maintaining their independence, or providing them comfort-oriented supportive services at the end of their lives.

5. DEFINITIONS

a. **Home Health Care.** Home Health Care is the inclusive term used to indicate skilled home health care services (SHHC) and homemaker and home health aid services (H/HHA).

b. **Skilled Home Health Care Services (SHHC).** Skilled home health care services are in-home services provided by qualified personnel that include skilled nursing, physical therapy, occupational therapy, speech therapy, and social work services. Care includes clinical assessment, treatment planning, treatment provision, patient and/or family education, health status monitoring, reassessment, referral, and follow-up. A VA physician prescribes skilled home health care services when medically necessary and appropriate for enrolled veterans.

c. **Homemaker/Home Health Aide Services (H/HHA).** H/HHA services are personal care and related support services that enable frail or disabled veterans to live at home. A VA physician prescribes H/HHA services when medically necessary and appropriate for enrolled veterans.

d. **Hospice Care Services.** Hospice is the final stage of the palliative care continuum in which the primary goal of treatment is comfort rather than cure for patients with advanced disease that is life-limiting and refractory to disease-modifying treatment. Hospice services, provided by an interdisciplinary team of professionals and volunteers, emphasize relief of suffering and maintenance of functional capacity as long as possible through comprehensive management of the physical, psychological, social and spiritual needs of the patient. These programs also provide support for the patients' families or other caregivers, including bereavement support following the death of the patient.

e. **Medicare and/or Medicaid Certification.** Medicare and/or Medicaid certification is the process of inspection, certification, and monitoring that home health care agencies undergo to be approved for Medicare or Medicaid payment from Centers for Medicare and Medicaid Services (CMS). This process is generally administered by the State in which the home health care agency is licensed.

f. **Low Utilization Payment Adjustment (LUPA).** LUPA is CMS's alternate payment structure for home health care services, based on per visit rates. Medicare's primary payment system is a prospective per episode structure. VA's use of LUPA rates is unrelated to the use of LUPA in Medicare.

6. HOME CARE REIMBURSEMENT

a. VA uses locally calculated, discipline-specific, Medicare LUPA rates as the maximum cap for skilled home care and home health aide services. In those states that reimburse separately for homemaker services, VA's rate will not exceed 110 percent of the established state rate for that home care agency or geographic area. VA uses LUPA Home Care rates without regard to the number of visits or the length of the home care episode.

b. The fee basis statute, Title 38 United States Code (U.S.C.) 1703, is not to be used in the purchase of home care services; however, the use of the fee package to process placements and obligations will continue.

c. Current negotiated VA payment rates that are less than the maximum will not automatically rise to the new ceiling as a result of this policy. Any rate increases must use the Medical-CPI, or the new maximum cap, whichever approach yields the lower rate for VA.

d. Multiple-skilled home health care visits provided by a single provider or discipline on a single day will be paid at 80 percent of the LUPA maximum, after the first visit or intervention of the day is paid at the full rate.

e. Requests for exemptions to the policies in subparagraphs 6a and 6d may be developed by VA health care facilities. VHA's Office of Geriatrics and Extended Care may grant exemptions to the maximum rates on the recommendation of a Veterans Integrated Services Network (VISN) Director. A similar exemption may be granted for homemaker services, based on documentation.

f. The total annual VHA costs for an individual veteran's home and community based care services, to include skilled home health care, H/HHA services, community adult day health care, and non-institutional respite services, will not exceed 65 percent of the monthly average per patient cost in the nearest VA Nursing Home Care Unit (NHCU). VA NHCU rates are available from the Office of Geriatrics and Extended Care (see subpar. 6e for exemptions).

g. VHA utilization of the Medicare LUPA rate for H/HHA service rates is based on 2-hours of care per visit.

7. HOSPICE CARE REIMBURSEMENT

a. Hospice services may be provided at home or in an inpatient setting.

b. The fee basis statute, 38 U.S.C. 1703, will not be used in the purchase of hospice care services; however, use of the fee package to process placements and obligations will continue.

c. VA uses locally calculated, Medicare hospice payment rates as the maximum reimbursement rates to purchase a comprehensive package of bundled home hospice services. The appropriate geographic wage index is applied to the national Medicare hospice home care or hospice inpatient care rates to determine the maximum rate.

d. Hospice Care rates are reflective of a per day reimbursement, not per visit. The rate is paid for a designated period of consecutive days, without regard to the volume or intensity of services provided on a given day.

e. When inpatient hospice services become necessary, there are three options for its provision.

(1) Generally VA provides inpatient hospice services at a VA facility. This is the preferred option for many veterans.

(2) VA may utilize Community Nursing Home (CNH) contracts to purchase inpatient hospice services. Only CNHs with established hospice agency relationships will be used. When a veteran is placed in a CNH for hospice care, the nursing home portion of that care is covered by the VA hospice benefit.

(a) To ensure the proper continuation of the hospice care plan upon admission to the CNH, VA will pay, to the hospice care agency, a \$60.00 per diem rate for hospice consultation services; or

(b) The full home hospice care rate will continue to be paid while the patient remains in CNH, if the hospice agency provides consultative services, as well as hospice diagnosis-related medications, biologicals, and durable medical equipment. The consultation fee will not be paid in those cases.

(3) VA may purchase inpatient hospice services from a community provider at local negotiated rates, in accordance with subparagraph 7c.

f. Requests for exemptions to the policies in subparagraphs 7c and 7e may be developed by VA Health Care Facilities. VHA's Office of Geriatrics and Extended Care may grant exemptions to the maximum rates on the recommendation of a VISN Director.

g. VA may add up to \$1.00 per day to the negotiated hospice per diem rate for physician hospice coverage.

8. REIMBURSEMENT RATE PUBLICATION, VERIFICATION, AND REVIEW

a. Medicare LUPA rates, hospice rates and wage index changes are published annually in the Federal Register by the Department of Health and Human Services.

b. The Office of Geriatrics and Extended Care (114A), VA Central Office, must provide verification of reimbursement rates by discipline for skilled home health care, H/HHA services, and hospice services upon request.

c. The Office of Geriatrics and Extended Care (114A), VA Central Office, in collaboration with the VISNs, conducts quarterly reviews to ensure that average facility payments for home health and hospice care services do not exceed established Medicare-based rates without specific exemption.

9. REIMBURSEMENT RATE CALCULATION EXAMPLE

The following demonstrates local calculation of home health care benchmark Medicare (LUPA) rate for VHA use:

Home Health Discipline	Fiscal Year (FY) 2004 LUPA Rate	Geographic Wage Index	Final VA Payment Rate
Home Health Aide	\$ 42.68	1.10 (Chicago)	\$ 46.95
Skilled Nursing	\$ 94.27	1.10 (Chicago)	\$103.70
Home Health Aide	\$ 42.68	0.99 (Houston)	\$ 42.25
Skilled Nursing	\$ 94.27	0.99 (Houston)	\$ 93.33
Routine Home Care (Hospice)	\$118.08	1.0394 (Portland, ME)	\$122.73

10. RESPONSIBILITIES

a. **VISN Director.** The VISN Director, or designee, is responsible for ensuring that the medical facilities within the VISN use the approved process for determining reimbursement rates for home health and hospice care services.

b. **Office of Geriatrics and Extended Care.** The Office of Geriatrics and Extended Care (114A), is responsible for monitoring and providing feedback regarding compliance with established processes and guidelines for home health care and hospice reimbursement rates.

11. REFERENCES

- a. Public Law 106-117, “Veterans Millennium Health Care Benefits Act.”
- b. Federal Register, Vol. 68, No. 127, July 2, 2003, Notices, Medicare Program; Home Health Prospective Payment System Rate Update for FY 2004.
- c. Federal Register, Vol. 68, No. 189, September 30, 2003, Notices, Medicare Program; Hospice Wage Index for Fiscal Year 2004.
- d. Consumer Price Index. <http://www.bls.gov/cpi/#news>. Use current consumer price index, Table 1, Unadjusted Percent Change.