Adapting to No-Pay RAP

SimiTree
HEALTHCARE CONSULTING

Key Objectives

Review what issues have occurred since the transition on January 1, 2021

Analyze the cash flow impacts these changes have had on agencies

Discuss what to expect for the rest of 2021 and beyond

Provide some recommended operational changes that may assist in the process

SimiTree

No-Pay RAP Overview

SimiTree
HEALTHCARE CONSULTING

Overview of the 2021 RAP Rules

- RAPs still required for all 30-day periods, but periods beginning 1/1/21 and after will not receive payment

- RAP Requirements:
  - Physician's written or verbal order
  - Initial billable visit completed for SOC (completed visit not required for subsequent periods)
  - Valid primary diagnosis (does not need to match final claim)

- RAP must be submitted within five (5) calendar days of the start of the period
  - If RAP is not submitted timely, final claim payment is reduced by 1/30th for all days in between period start and RAP submission date
  - RAPs for the second period in a 60-day episode can be submitted at the same time as the SOC/recert RAP

Claim Updates

- CMS guidance indicates that a generic HIPPS code can be used on both RAP and final claim
- Value Codes for CBSA and FIPS are optional for RAP
- Provider can request exemption to late RAP penalty using KX modifier and remarks on final claim
  - The four permissible exception reasons are:
    - Acts of nature
    - CMS/MAC system issues
    - Newly certified agencies
    - Other situations beyond the agency's control

Early RAP Claims Processing Issues

- RTP (Return to Provider) Reason 32035
  - RAPs incorrectly going into RTP for missing value code 61 (CBSA code)
  - Status: CLOSED

- RTP Reason W7216
  - 0023 HIPPS service line date differs from statement from date
    - Example: Statement From Date 1/3/21, HIPPS Date 1/5/21
  - RAPs previously went to RTP but are now being suspended in a status/location S MWRAP and being reviewed by claims department.
  - Status: CLOSED (Resolved 4/5/21)

- The HH Pricer was incorrectly applying a penalty to RAPs received more than 5 days earlier than the "FROM" date of the RAP
  - STATUS: CLOSED (Resolved in April 2021)

Final Claims Processing Issues

- RTP Reason U5391/38107
  - HIPPS Code/Date Not Matching - LUPA claim billed with matching HIPPS code different HIPPS date
  - STATUS: CLOSED
  -
- Late RAP penalties are not applied to outlier amounts
  - STATUS: CLOSED (4/1 Medicare system update)

- Late RAP penalties applied after Value-Based Purchasing (VBP) adjustment, when the VBP adjustment should be the last calculation
  - STATUS: CLOSED (4/1 Medicare system update)

- PDGM Claims underpaying dates of service that span 2020-2021
  - Medicare adjusting these claims via status 32H
  - STATUS: CLOSED (Resolved 4/5/21)

Final Claims Processing Issues

- Medicare paying based on HIPPS code on claim rather than calculating based on true HIPPS determining factors
  - STATUS: OPEN
  - Update from 4/30/21 communicated that CMS is working on an issue with the Grouper software to fix this issue
  - Recommendation is to submit an adjustment with remarks indicating that the claim originally paid with the incorrect HIPPS code

- RTP Reason 37257
  - Some 2021 claims are incorrectly entering RTP stating that CBSA and FIPS combinations are invalid
  - Claims can be resubmitted with 2020 CBSA codes to receive reimbursement, but will need to be adjusted again once fix is implemented since claims may be underpaid at 2020 rates
  - STATUS: OPEN

Final Claims Processing Issues

- 2020 RAPs that auto-canceled in 2021 are repaying at lower rates upon rebill (~$70-$90)
  - MACs have advised that final claims will still pay the correct amount
  - STATUS: OPEN

- Rejected Reason 39929/line level reason code 37363 and RTP reason code 37363
  - LUPA claim rejected, partially paid or went to RTP incorrectly for late RAP even though RAP submitted timely
  - Starting to see Medicare auto-adjust these LUPA claims for payment
  - Can also attempt to adjust partially paid claims; these enter a manual processing status
  - STATUS: OPEN (Estimating October 2021 fix)

- Some claims are incorrectly receiving reason code C727D/C727E indicating there is an inpatient stay within 14 days before the start of the home health period of care
  - STATUS: OPEN

Final Claims Processing Issues

- Intermittent delays in final claim processing that vary by MAC
  - On average final claims taking three to four weeks to process

- Medicare Offsets – initially penalties for late RAPs are not being deducted from the final reimbursement of claim
  - Claim penalty amount shown with value code QF
  - Out of balance amount was showing in the "adjustment to balance" field on the RA Summary/90 Financial Adjustment
  - Need to review to confirm penalty is valid and send exception if penalty is incorrect

- Week of 4/19/21, started receiving remittances that are applying late RAP penalty as contractual adjustments at the patient claim level rather than using PLB 90 financial adjustment
  - Claim penalty amount still shown with value code QF

Final Claims Processing Issues

- Initial Medicare Offsets – Example
  - RAP billed timely but went to RTP for reason code W7216. Corrected, updated REC DT past 5 days
  - Final Claim billed with expected reimbursement at $2,150
    - Payment (329): $1,725 with QF VC CO95 amount $425
    - 90/ Financial Adjustment: -$425
    - Deposit: $2,150

- Adjusted claim with D9/Remarks

- MAC reprocessed and paid in full at $2,150
  - Takeback (328): $1,725
  - Payment (327): $2,150
  - 90/ Financial Adjustment $425
  - Deposit: $0

```
                                PAYMENT SUMMARY
PAYMENT TOTAL:          68945.42   BILLING CYCLE: 02/16/2021
TOTAL CLAIMS:             149      TOTAL PIP CLAIMS: 0

                              FINANCIAL ADJUSMENTS
90/                             :     -664.01
```

SimiTree

Projections

- **Assumptions made in pre-2021 cash flow projections**
  - One RAP, one Final Claim per day
  - No case mix, wage index or volume changes from 2020
  - Standard rate (2020/2021) = $1,864.03 / $1,901.12
  - Days to RAP (2020/2021) = 7 days / 3 days
  - Days to Final Claim (2020/2021) = 10 days / 10 days
  - Days to pay RAP = 7 days
  - Days to pay Final Claim = 14 days

Projections

Cash Flow Illustration Summarized							
Using 2021 Final Rule Rates for 2021 Periods	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**
2020 PDGM RAP $	$ 11,557	$ 5,219	$ -	$ -	$ -	$ -	$ -
2020 PDGM Final $	$ 46,228	$ 46,228	$ 26,842	$ -	$ -	$ -	$ -
2021 PDGM RAP $	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2022 PDGM Final $	$ -	$ -	$ 15,574	$ 60,347	$ 58,401	$ 60,347	$ 58,401
Total	**$ 57,785**	**$ 51,447**	**$ 42,416**	**$ 60,347**	**$ 58,401**	**$ 60,347**	**$ 58,401**
		-10.97%	-26.60%	4.43%	1.07%	4.43%	1.07%
$ Dec Difference		**$ (6,338)**	**$ (15,369)**	**$ 2,563**	**$ 616**	**$ 2,563**	**$ 616**
Daily Cash	$ 1,864	$ 1,660	$ 1,515	$ 1,947	$ 1,947	$ 1,947	$ 1,947

Estimated Agency Cash Impact							
	Dec	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**
Estimated NEW Monthly Cash	**$ 1,000,000**	**$ 890,323**	**$ 734,025**	**$ 1,044,346**	**$ 1,010,658**	**$ 1,044,346**	**$ 1,010,658**
Monthly Cash Difference from Dec. 2020		**$ (109,677)**	**$ (265,975)**	**$ 44,346**	**$ 10,658**	**$ 44,346**	**$ 10,658**
Percentage Difference		**-10.97%**	**-26.60%**	**4.43%**	**1.07%**	**4.43%**	**1.07%**

SimiTree
HEALTHCARE CONSULTING

Actual January Impact – SimiTree Top 25 Clients

Agencies	Avg. Monthly (Q4)	January 2021	% Difference
Total	$120,244,978	$83,617,939	(30.5%)
Median	$809,752	$559,580	(30.9%)

- **Bottom 5: (51.4%)**
- **Middle 5: (26.3%)**
- **Top 5: 16.9%**
- **5 Biggest: (32.3%)**
- **5 Smallest: (0.9%)**

SimiTree

Actual February Impact – SimiTree Top 25 Clients

Agencies	Avg. Monthly (Q4)	February 2021	% Difference
Total	$120,244,978	$109,836,840	(8.7%)
Median	$809,752	$709,212	(12.4%)

- **Bottom 5: (38.7%)**
- **Middle 5: (8.6%)**
- **Top 5: 42.0%**
- **5 Biggest: (6.8%)**
- **5 Smallest: 8.3%**

SimiTree

Actual March Impact – SimiTree Top 25 Clients

Agencies	Avg. Monthly (Q4)	February 2021	% Difference
Total	$120,244,978	$122,809,789	2.1%
Median	$809,752	$676,325	(16.5%)

- **Bottom 5: (37.5%)**
- **Middle 5: 2.7%**
- **Top 5: 39.2%**
- **5 Biggest: 2.5%**
- **5 Smallest: 14.7%**

SimiTree
HEALTHCARE CONSULTING

Notice of Admission (NOA)

- CMS released Change Request 12256 to update the Medicare Claims Processing Manual to include instructions on NOA submission

- Changes go into effect on January 1, 2022
  - For existing patients admitted in 2021, an "NOA" should be sent for the start of the first period with a start date in 2022; discharge/readmit is not required

- One-time submission required at the start of care (not for subsequent periods)

- NOA must be submitted within five (5) days of start of care, with the admission date counting as day zero (0)
  - Late submission penalties use same methodology as no-pay RAPs

- Utilize Type of Bill 32A

- NOA required for all admissions, including LUPAs and MSP

Recommended Action Items

- Monitor guidance and communication released by CMS & MACs
- Work RTPs daily and take screenshots of RAPs in RTP to ensure proof of timely filing
- Review acknowledgement reports (999s and 277s) for electronically submitted RAPs as soon as they are available and at a minimum daily
- Do not automatically adjust off AR balances remaining after final claim payment

Recommended Action Items

- Review all applied late RAP penalties to confirm accuracy
- Develop tracking system for remits and patients for which final claim offsets are being applied
- Closely monitor Medicare Advantage claims processing
  - Ensure that generic HIPPS codes are not being used for final claims Medicare Advantage plans
- Monitor Advanced and Accelerated Payment recoupment

Questions?

Brian Harris

Consulting Director – SimiTree Healthcare Consulting

BrianHarris@blacktreehealthcare.com

www.simitreehc.com

SimiTree
HEALTHCARE CONSULTING