

# Nursing Home Oxygen

## Reimbursement

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Public Meeting

November 30, 2018

1–2 p.m.

1 West Wilson, Room 751



# Agenda

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- Background
  - Affected HCPCS codes
  - Projected reimbursement based on historical utilization
- Reimbursement options
  - Considerations
  - Option comparison
  - Distribution of effect across facilities
- Next steps

# Background

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- Federal CURES Act limits rates for durable medical equipment (DME) and disposable medical supplies (DMS) to the lowest Medicare rate in the state.
- All rate reductions will be effective January 1, 2019, except for oxygen and CPAP, which will be reduced over four years.
- Rolling oxygen/CPAP reimbursement into the nursing home daily rate at the current spending levels may limit the impact of rate reductions.

# Affected HCPCS Codes

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- Primary oxygen
  - Stationary liquid oxygen
  - Oxygen concentrator
  - Portable gaseous and liquid oxygen
- Other oxygen
  - Stationary compressed gas
  - Portable concentrators
  - Stationary gas and liquid oxygen
  - Water vapor enriched with and without heat
- Respiratory/CPAP
  - CPAPs
  - Backup invasive and non-invasive interfaces

# Projected Reimbursement Based on Historical Utilization

	PDs	Gross Payments			PPD		
	T19 FFS Non-Vent PDs	Historical Payments	New T19 Rates	T18 Rates	Historical Payments	New T19 Rates	T18 Rates
2014	5,396,318	\$3,183,788	\$2,600,556	\$861,983	\$0.590	\$0.482	\$0.160
2015	5,018,936	\$2,924,166	\$2,390,834	\$797,059	\$0.583	\$0.476	\$0.159
2016	4,728,127	\$2,670,575	\$2,179,888	\$722,890	\$0.565	\$0.461	\$0.153
2017	4,351,589	\$2,430,095	\$1,986,007	\$668,162	\$0.558	\$0.456	\$0.154
All	19,247,467	\$10,984,237	\$8,973,578	\$2,990,161	\$0.571	\$0.466	\$0.155

# Reimbursement Options

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Effective January 1, 2019:

1. Affected codes will no longer be separately billable.
  - a. Support services target increased by \$0.571 per patient day ***or***
  - b. Direct care – other supplies and services target increased by \$0.567 per patient day.

No new reimbursable property items.

2. The per diem rate formula will not change. Affected codes will continue to be separately billable at lower rates.

# Considerations

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- Although oxygen reimbursement seems most closely related to direct care – other supplies and services, there is not a strong correlation (7.7%) between case mix index (CMI) and oxygen utilization.
- The status quo will certainly result in a \$0.5 million reduction in payments in 2019 and will likely result in a \$1.8 million reduction by 2022.

# Option Comparison

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	Per PD Flat Rate	Per CMI-weighted PD	Correlation with CMI
2014	\$0.590	\$0.589	8.6%
2015	\$0.583	\$0.577	4.3%
2016	\$0.565	\$0.561	7.7%
2017	\$0.558	\$0.554	10.6%
All	\$0.571	\$0.567	7.7%



# Distribution of Effect Across Facilities

	Gross Payments		PPD	
2014-2017 (All)	NH Rate Add-On: Flat	NH Rate Add-On: RUG CMI	NH Rate Add-On: Flat	NH Rate Add-On: RUG CMI
Min	\$14	\$10	\$0.571	\$0.350
10%	\$2,903	\$2,787	\$0.571	\$0.506
25%	\$4,362	\$4,358	\$0.571	\$0.542
50%	\$6,173	\$6,342	\$0.571	\$0.575
75%	\$8,951	\$9,217	\$0.571	\$0.610
90%	\$12,545	\$12,840	\$0.571	\$0.650
Max	\$112,722	\$86,747	\$0.571	\$0.896

# Next Steps

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- Questions
- Decision timeline

HCPCS	Code Description	Category	Amounts Paid, 2017
E1390	OXYGEN CONCENTRATOR, SINGLE DELIVERY PORT, CAPABLE OF DELIVERING 85 PERCENT OR GREATER OXYGEN CONCENTRATION AT THE PRESCRIBED FLOW RATE	O2 - Primary	\$ 1,392,676.93
E0434	PORTABLE LIQUID OXYGEN SYSTEM, RENTAL; INCLUDES PORTABLE CONTAINER, SUPPLY RESERVOIR, HUMIDIFIER, FLOWMETER, REFILL ADAPTOR, CONTENTS GAUGE, CANNULA OR MASK, AND TUBING	O2 - Primary	\$ 695,475.78
E0431	PORTABLE GASEOUS OXYGEN SYSTEM, RENTAL; INCLUDES PORTABLE CONTAINER, REGULATOR, FLOWMETER, HUMIDIFIER, CANNULA OR MASK, AND TUBING	O2 - Primary	\$ 187,093.83
E0439	STATIONARY LIQUID OXYGEN SYSTEM; RENTAL, INCLUDES CONTAINER, CONTENTS, REGULATOR, FLOWMETER, HUMIDIFIER, NEBULIZER, CANNULA OR MASK, AND TUBING	O2 - Primary	\$ 105,114.89
E0424	STATIONARY COMPRESSED GASEOUS OXYGEN SYSTEM, RENTAL; INCLUDES CONTAINER, CONTENTS, REGULATOR, FLOWMETER, HUMIDIFIER, NEBULIZER, CANNULA OR MASK, AND TUBING	O2 - Other	\$ 1,443.00
E1392	PORTABLE OXYGEN CONCENTRATOR, RENTAL	O2 - Other	\$ 82.00
E0441	GASEOUS STATIONARY SYSTEMS OR WHEN BOTH A STATIONARY AND PORTABLE GASEOUS SYSTEM ARE OWNED), 1 MONTH'S SUPPLY = 1 UNIT	O2 - Other	\$ -
E0442	OXYGEN CONTENTS, LIQUID (FOR USE WITH OWNED LIQUID STATIONARY SYSTEMS OR WHEN BOTH A STATIONARY AND PORTABLE LIQUID SYSTEM ARE OWNED), 1 MONTH'S SUPPLY = 1 UNIT	O2 - Other	\$ -
E1405	OXYGEN AND WATER VAPOR ENRICHING SYSTEM; WITH HEATED DELIVERY	O2 - Other	\$ -
E1406	OXYGEN AND WATER VAPOR ENRICHING SYSTEM; WITHOUT HEATED DELIVERY	O2 - Other	\$ -
E0601	CONTINUOUS POSITIVE AIRWAY PRESSURE (CPAP) DEVICE	Respiratory/CPAP	\$ 13,033.00
E0471	RESPIRATORY ASSIST DEVICE, BI-LEVEL PRESSURE CAPABILITY, WITH BACKUP RATE FEATURE, USED WITH NONINVASIVE INTERFACE, E.G., NASAL OR FACIAL MASK (INTERMITTENT ASSIST DEVICE WITH CONTINUOUS POSITIVE AIRWAY PRESSURE DEVICE)	Respiratory/CPAP	\$ 11,173.00
E0472	RESPIRATORY ASSIST DEVICE, BI-LEVEL PRESSURE CAPABILITY, WITH BACKUP RATE FEATURE, USED WITH INVASIVE INTERFACE, E.G., TRACHEOSTOMY TUBE (INTERMITTENT ASSIST DEVICE WITH CONTINUOUS POSITIVE AIRWAY PRESSURE DEVICE)	Respiratory/CPAP	\$ -