**(CY)2017 Medicare HH PPS Final Rule Analysis is Available**

The calendar year (CY) 2017 Medicare Home Health (HH) Prospective Payment System (PPS) Final Rule Analysis is intended to show HH members how Medicare fee-for-service (FFS) payments will change from CY 2016 to CY 2017 based on the policies set forth in the CY 2017 HH PPS final rule. The SDAHO summary brief is provides an overview and resources along with reference to the Federal Register page numbers. See pdf.

CY 2017 HH Final Rule Changes Modeled in this Analysis:

• Marketbasket Update: 2.8% (including all other budget neutrality) marketbasket increase to account for service cost inflation.

• ACA-Mandated Productivity Reduction: 0.3 percentage point multifactor productivity reduction, as established under the Affordable Care Act (ACA).

• ACA-Mandated Rebasing Adjustment: The Center for Medicare and Medicaid Services (CMS) is implementing the last year of a four-year phase-in of the rebasing adjustments mandated by the ACA. By law, the rebasing adjustment is limited to 3.5% of the CY 2010 60-day episode rate. To comply with the law, CMS adopted an $80.95 reduction (3.5% reduction based on the CY 2010 60-day episode rate; resulting in a 2.70% reduction in the CY 2017 rate). The rebasing will reduce the 60-day episode rate and non-routine medical supply (NRS) conversion factor, but increase the per-visit amounts. Payment impacts shown in this analysis are based solely on changes to the 60-day episode rate.

• Nominal Case-Mix Growth Adjustment: CMS is implementing a total reduction of 2.88% over a three year period distributed evenly between the three years. As this is the second year, in 2017 there will be a 0.97% reduction to the national, standardized 60-day episode payment rate to account for estimated case-mix growth unrelated to patient acuity (nominal-case mix growth from budget neutrality factors) between CY 2012 and CY 2014.

• Wage Index and Labor Share Change: Updated wage index values based on the FFY 2017 inpatient hospital wage index without the rural floor or reclassifications. This impact includes the impact of the new core-based statistical area (CBSA) delineations and new wage data. CMS finalized that labor share is remaining constant at 78.535% from CY 2016 to CY 2017.

• Rate Increase for HHRG Case-Mix Budget Neutrality: 2.14% increase to the 60-day episode rate to maintain budget neutrality resulting from CMS' recalibration of the HHRG case-mix weights for CY 2017.

• Wage Index Budget Neutrality Adjustment: 0.04% decrease in the marketbasket due to wage index changes to maintain program budget neutrality.