OASIS Alert

Reimbursement: Ease Your M0110 Struggles With These Clarifications

Choosing 'unknown' is acceptable practice, but it costs you.

Now that the 2008 OASIS assessment changes are in effect, clinicians are raising questions about the finer points of M0110. One thing is clear, though: You'll be on the way to mastering this complex item if you have an accurate understanding of what constitutes "early" and "later" episodes, experts stress.

One of the major changes to the 2008 home health prospective payment system is the increasing complexity of the episode reimbursement. Case mix weight drives episode payment, but two groupings affect the case mix weight: episode timing (M0110) and predicted therapy utilization (M0826), said reimbursement consultant **M. Aaron Little** with **BKD** in Springfield, MO (for more information on M0110, see Eli's OASIS Alert, Vol. 9, No. 2, p. 12).

The estimated need for nonroutine medical supplies also has some effect on payment, Little told listeners at a recent **Eli**-sponsored aud-ioconference Crash Course: Crucial Lessons Your HHA Billing Staff Must Know for 2008.

First Focus On The M0110 Basics

M0110 reads "Episode Timing: Is the Medicare home health payment episode for which this assessment will define a case mix group an 'early' episode or a 'later' episode in the patient's current sequence of adjacent Medicare home health payment episodes?"

Know your definitions: Billing staff as well as clinicians must understand how the **Centers for Medicare & Medicaid Services** defines "early" and "later" episodes for M0110, Little emphasized.

• **Early:** An early home health episode is defined as episode one or two in a series of adjacent episodes.

• **Later:** A later episode is all third and later adjacent episodes.

• **Adjacent:** Episodes are considered adjacent if the new episode begins no more than 60 days after the previous episode ended (see related story, p. 29).

Keep Up With Q&As

In three new OASIS questions and answers, CMS clarifies the following:

1. M0110 applies to Medicare fee-for-service episodes only. Medicaid, Medicare Advantage and private insurance episodes do not count in the sequence of adjacent episodes. And even if payers other than Medicare FFS use a "Medicare PPS-like" payment model, these episodes do not count for M0110, CMS clarifies in January 2008 Q&A 6.

2. Looking back to last year is OK. For M0110, "all adjacent Medicare fee-for-service episodes should be considered, including those that occurred prior to Jan. 1, 2008," CMS states in Q&A 5.

3. Choosing "unknown" is acceptable practice. It doesn't matter to CMS if you answer "unknown" for every episode, because that answer defaults to "early" and doesn't result in overpayment. "Some agencies may choose not to invest the resources necessary to determine whether episodes are early or later episodes," CMS says in Q&A 7.

Expert Disagrees With Routinely Marking 'Unknown'

An agency practice of regularly marking "unknown" for M0110 will significantly impact the agency in terms of billing and cash flow, Little warns. Since "unknown" defaults to "early," you are actually choosing to mark all your episodes as if they were early ones, he explains. This sets you up for the following problems, he advises:

1. Incorrect RAP. The RAP (request for anticipated payment) will be for an incorrect amount in cases that are really later episodes -- and in those cases it will result in an underpayment for your agency. Later episodes in general pay more than early ones, Little explains.

2. Billing headaches. Automatic edits will correct the M0110 answer when paying the final claim. But having a large portion of your claims not pay as expected will challenge your billing staff, as they try to verify that final claims paid correctly, Little tells **Eli**.

3. Intermediary glitches. So far, Medi-care edits have had some trouble correctly applying the auto-adjustments to correct the early/later status, Little reports. This can cause even further cash flow delays.

Recommendation: Have someone in a billing or clerical role confirm early/later status according to the Medicare Common Working File before finalizing the OASIS assessment. Save the "unknown" response for situations in which some issue prevents the agency from using the CWF and there was not enough data gathered in the intake process to allow an informed early vs. later decision, Little says.

Payoff: Besides improved cash flow and billing processes, the improved communication between billing staff and clinical staff that this process requires should flow over to other OASIS issues.

Note: For OASIS clarifications, see the January 2008 Q&As at http://www.oasiscertificate. org. To order a CD or transcript of Little's audioconference, call 1-800-508-2582. To get 15 percent off the cost of your conference, use the reader code 15%OFF AUDIOHH.