



CMS Plans To Eliminate Home Health Agency Subunits in 2018

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On November 17, 2017, the Centers for Medicare and Medicaid Services (CMS) issued a [Memorandum](#)¹ to State Survey Agency Directors outlining the process by which Medicare will eliminate existing Home Health Agency (HHA) Subunits. Under the new Conditions of Participation (CoPs), a HHA office may no longer be designated a Subunit and must become a freestanding HHA, amend its designation to be a Branch of the Parent agency, or terminate its participation in Medicare by January 13, 2018. For Subunits that fail to provide notice of the intent to become a Branch, state agencies will assume that the Subunit intends to become a freestanding HHA as of the implementation date. CMS has also clarified that a Subunit's conversion to a freestanding HHA or to a Branch will not impact any applicable Medicare HHA Moratorium in place.

Background

CMS published a final rule revising the HHA CoPs on January 13, 2017, which included, among other changes, the elimination of the Subunit designation for HHA locations. Prior to this change, an agency could designate an office within a Parent agency's territory as a Branch and an office outside the Parent agency's territory as a Subunit.

Under the current HHA CoPs, Subunits are considered semi-autonomous offices that are assigned their own provider number and are required to meet the HHA CoPs independently of the Parent agency, with the exception of being able to share a governing body and an administrator. In contrast, Branches receive support and supervision from the Parent agency and are assigned a billing number that is derivative of the Parent agency's provider number. Branches also do not need to independently meet the HHA CoPs.

Regulatory Filings Under the Final Rule

In implementing these changes, CMS will require the locations to come into compliance by taking the steps below.

For a former Subunit that chooses to become a freestanding HHA, the Subunit must submit Change of Information filings only, to include a revised Form CMS-855A and a revised Form CMS-1572a. The Parent agency does not need to make any changes to their Form CMS-855A regarding the transition of the Subunit to a freestanding HHA. The new freestanding HHA will retain the same provider number and provider agreement of the former Subunit, and must meet all the HHA CoPs (including having an independent governing body and administrator) by January 13, 2018. CMS has advised that standard surveys will be completed within one year of the January 13, 2018 effective date, to verify compliance with all HHA CoPs.

To convert a former Subunit to a Branch, the Parent agency must submit a revised Form CMS-1572a to include the addition of a Branch, along with evidence of its ability to supervise the new Branch. No survey is required until the next scheduled survey of the Parent. If the former Subunit operated any Branch offices, then these offices may be transferred to the Parent agency as well. Upon approval of the Branch, the Subunit's provider number will be terminated and a new billing

¹ <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertificationGenInfo/Downloads/Survey-and-Cert-Letter-18-03.pdf>

number derived from the Parent's provider number will be issued. Because the new Branch will operate under the Parent agency's provider agreement, the Subunit must also submit a Form CMS-855A to terminate its separate enrollment (i.e., provider number) and the Parent must submit a separate Form CMS-855A to add the new Branch.

If the Subunit chooses to voluntarily terminate its participation in Medicare, then it should notify the State Survey Agency of its decision through the established process for voluntary termination of a provider agreement.

While the impact of these changes will likely be minimal (with less than 250 agencies with Subunits nationwide), HHAs with Subunits are tasked with making the appropriate regulatory filings and operational changes for conversion of their Subunits, in addition to implementing multiple other changes due to the new HHA CoPs.

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