



Consulting and Compliance Services for Home Care Providers

Medicare Home Health PPS Episodic Reimbursements and Unearned/Unbilled Calculations

1. Providers are reimbursed for each 60-day episode based upon the diagnosis and plan of care established. Only two claims are allowed during the episode period.
2. The RAP (Request for Anticipated Payment) is submitted to request the initial split percentage payment for each PPS episode, after receiving verbal orders and delivering at least one visit to the patient:
 - a. For all initial episodes, the percentage split for the two payments will be 60 % for the RAP and 40% for the final claim.
 - b. For all subsequent episodes the split is 50% percent for the RAP and 50% for the final claim.
3. The remaining claim (Final Claim) can only be submitted at the end of the 60-day period, or after the patient is discharged, whichever is earlier. The provider may not submit this claim until after all services are provided for the episode.
4. Because only two claims can be submitted, the provider either has unearned revenue or unbilled revenue for each episode at the end of a specific period. Earned revenue is generally calculated on a per-day or per-visit basis. Using the per-day method the calculation for the 60-day episode period is as follows:
 - a. The expected episodic reimbursement is divided by 60 days to determine the daily rate.
 - b. Then revenue for the period is calculated by multiplying the number of days in the current period by the daily rate.
 - c. Unearned or unbilled amounts should be calculated for each episode by comparing the total earned revenue to the amount of the RAP payment.
5. Here is an example assuming a full 60-day episode:

Expected episode payment	\$1,000
First service delivered	January 15
RAP payment	\$600
Calculated revenue for January	\$267 (\$1,000/60 x 16 days)
Unearned revenue at January 31	\$333 (\$600 - \$267)
Calculated revenue for February	\$467 (\$1,000/60 x 28 days)
Total earned revenue to date	\$734 (\$267 + \$467)
Unbilled revenue at February 28	\$134 (\$734 - \$600)
Earned revenue for March	\$266 (\$1000/60 x 16 days)
Unbilled revenue at March 31	\$-0- if final claim has been submitted \$400 if final claim has not been submitted by March 31

Unbilled Calculations for Non-Episodic Reimbursements

For reimbursements on a per visit basis, unbilled revenue should be calculated based upon the services provided but not yet billed at the end of each period.