



Center for Medicaid, CHIP and Survey & Certification  
Disabled and Elderly Health Programs Group (DEHPG)

---

**DATE:** September 7, 2012

**TO:** Associate Regional Administrators  
Division of Medicaid

**FROM:** Barbara Coulter Edwards, Director

**SUBJECT:** Annual Change in Medicaid Hospice Payment Rates—ACTION

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FY) 2013. Please inform your staff and all State agencies in your jurisdiction of these new payment rates, which are effective October 1, 2012.

The Medicaid hospice payment rates are calculated based on the annual hospice rates established under Medicare. These rates are authorized by section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) which also provides for an annual increase in payment rates for hospice care services. Rates for hospice physician services are not increased under this provision.

The Medicaid hospice payment rates for care and services provided from October 1, 2012, through September 30, 2013, are as follows:

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care	\$153.65	\$105.57	\$48.08
Continuous Home Care	\$895.91 full rate=24hrs. of care/\$37.33 hourly rate	\$615.58	\$280.33
Inpatient Respite Care	\$167.07	\$90.44	\$76.63
General Inpatient Care	\$682.59	\$436.93	\$245.66

In addition, section 1814(i)(2)(B) of the Act provides for an annual increase in the hospice cap amounts. The hospice cap runs from November 1<sup>st</sup> of each year through October 31<sup>st</sup> of the following year. The hospice cap amount for Medicare for the cap year ending October 31, 2012, is \$25,377.01. This cap is optional for the Medicaid hospice program. States choosing to implement this cap must specify its use in the Medicaid state plan.

On July 27, 2012, the Centers for Medicare & Medicaid Services (CMS) published a notice (CMS-1434-N) to update the Medicare Hospice Wage Index for FY 2013, <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Regulations-and-Notices-Items/CMS-1434-N.html>. You may find the wage index at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-payment/Hospice/index.html>. (Scroll down to “Downloads” section and click on FY 2013 Wage Index.) This new wage index, effective October 1, 2012, should be used by states to adjust the wage component of the daily hospice payment rates to reflect local geographical differences in the wage levels. The daily hospice rates specified above are base rates, which must be revised accordingly when the wage component is adjusted.

If you have any questions concerning this memorandum, please call Marguerite Schervish at (410) 786-7200. This memorandum may be found on CMS’ website at <http://www.cms.gov/Center/Provider-Type/Hospice-Center.html>. (Under “Important Links”, scroll down to “Medicaid Information.”)

/s/

Barbara Coulter Edwards  
Director