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Effective Date: October 1, 2006

Related CR Transmittal #: R1094CP

Implementation Date: October 2, 2006

**Note:** This article was updated on November 6, 2012, to reflect current Web addresses. This article was previously revised to reflect that CR5254 was revised on October 27, 2006. The CR release date, transmittal number, and Web address for accessing CR5254 were changed. All other information remains the same.

## Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2007

### Provider Types Affected

Hospices billing Medicare regional home health intermediaries (RHHIs) for hospice services

### Provider Action Needed

This instruction provides the Medicare annual update information for hospices.

### Background

The law governing the payment for hospice care requires annual updates to the hospice payment rates. Section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) stipulates that the payments for hospice care for fiscal years after 2002 will increase by the market basket percentage increase for the fiscal year (FY). This payment methodology has been codified in regulations found at 42 CFR §418.306(a)(b).

#### Disclaimer

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### *Hospice Payment Rates*

The FY 2007 payment rates will be the FY 2006 payment rates, increased by 3.4 percentage points, which is the total market basket percentage increase forecasted for FY 2007. The FY 2007 hospice payment rates are effective for care and services furnished on or after October 1, 2006, through September 30, 2007.

The national payment rates for revenue codes 651, 652, 655, and 656 for October 1, 2006 through September 30, 2007 are listed in the following table:

Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$130.79	\$89.87	\$40.92
652	Continuous Home Care Full Rate = 24 hours of care \$31.81 hourly rate	\$763.36	\$524.50	\$238.86
655	Inpatient Respite Care	\$135.30	\$73.24	\$62.06
656	General Inpatient Care	\$581.82	\$372.42	\$209.40

### *Hospice Cap*

The Hospice Cap is updated annually in accordance with §1814(i)(2)(B) of the Act and provides for an increase (or decrease) in the hospice cap amount. Specifically, the cap amount is increased or decreased, for accounting years after 1984, by the same percentage as the percentage increase or decrease, respectively, in the medical care expenditure category of the Consumer Price Index for all Urban Consumers.

The latest hospice cap amount for the cap year ending October 31, 2006, is \$20,585.39. Reference to the hospice cap is discussed further in the Pub.100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 80.2. (See Additional Information section for the web address)

### *Hospice Wage Index*

The Hospice Wage Index is used to adjust payment rates to reflect local differences in wages according to the revised wage index. The Hospice Wage Index is updated annually in accordance with recommendations made by a negotiated rulemaking advisory committee as published in the Federal Register on August 8, 1997. 42 CFR §418.306(C) requires that the updated hospice wage index be published annually as a notice in the Federal Register.

The Hospice Wage Index notice will be effective October 1, 2006, and published in the Federal Register before that date. The revised wage index and payment rates will be incorporated in the hospice Pricer and forwarded to the RHHIs following publication of the notice.

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As discussed in the FY 2006 Hospice Wage Index Final Rule, for FY 2006 only, a blended wage index value, comprised of 50 percent of the wage index had the Metropolitan Statistical Area (MSA) designations remained in effect and 50 percent of the wage index under the Core Based Statistical Area (CBSA) designations was used. Thus, the special codes employed in FY 2006 are not in effect for FY 2007.

**Note:** Hospice providers should split claims if dates of service span separate fiscal years; that is, services begin in September and continue into October, when the new rates are effective. If a hospice does not split a claim and the services on one claim span two fiscal years, the entire claim will be processed using the earlier fiscal year rates and the Medicare RHHI will make no subsequent adjustment on such claims.

## Additional Information

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If you have questions, please contact your Medicare RHHI at their toll-free number which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

For complete details, please see the official instruction issued to your RHHI regarding this change. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1094CP.pdf> on the CMS website.

The hospice payment rate and cap are discussed further in the Pub.100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, Section 30.2. and Section 80.2. This information may be reviewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c11.pdf> on the CMS website.

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