



## Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for Fiscal Year (FY) 2009 – JA6155

Related CR Release Date : August 1, 2008

Date Job Aid Revised: August 26, 2008

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

**Key Words**

MM6155, CR6155, R1570CP, Hospice, Payment, Cap, Pricer

**Contractors Affected**

- Medicare Fiscal Intermediaries (FIs)
- Part A/B Medicare Administrative Contractors (A/B MACs)
- Regional Home Health Intermediaries (RHHIs)

**Provider Types Affected**

Hospice providers submitting claims to Medicare FIs, A/B MACs, and/or RHHIs for services provided to Medicare beneficiaries



Change Request (CR) 6155 provides the annual update to the hospice payment rates for FY 2009 and the hospice aggregate cap amount for the cap period ending October 31, 2008.

**Provider Needs to Know...**

- The annual hospice payment updates will be implemented through the Hospice Pricer software found in Medicare's FI shared system.
- The new Pricer module will not contain any new calculation logic, but will simply apply the existing calculation to the updated payment rates shown below.
- An updated table will be installed in the module, to reflect the FY 2009 hospice wage index.

**FY 2009 Hospice Payment Rates**

- The FY 2009 payment rates will be the FY 2008 payment rates, increased by 3.6 percentage points, which is the total hospital market basket percentage increase forecasted for FY 2009.

- The FY 2009 hospice payment rates are shown in the following table and are effective for care and services furnished on or after October 1, 2008, through September 30, 2009.

Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$ 139.97	\$ 96.17	\$ 43.80
652	Continuous Home Care Full Rate = 24 hours of care: \$34.04= hourly rate	\$ 816.94	\$ 561.32	\$ 255.62
655	Inpatient Respite Care	\$ 144.79	\$ 78.37	\$ 66.42
656	General Inpatient Care	\$ 622.66	\$ 398.56	\$ 224.10

- Reference to the hospice payment rate is discussed further in the *Medicare Claims Processing Manual* (Chapter 11- Processing Hospice Claims, Section 30.2; see <http://www.cms.hhs.gov/manuals/downloads/clm104c11.pdf> on the CMS website).

#### Hospice Cap

- The latest hospice cap amount for the cap year ending October 31, 2008, is \$22,386.15. In computing the cap, the Centers for Medicare & Medicaid Services (CMS) used the medical care expenditure category of the March 2008 Consumer Price Index for all Urban Consumers, published by the Bureau of Labor Statistics (see <http://www.bls.gov/cpi/cpid0803.pdf> on the Internet), which was 363.000.
- The hospice cap is discussed further in the *Medicare Claims Processing Manual* (Chapter 11 - Processing Hospice Claims, Section 80.2).

#### Hospice Wage Index

- The Hospice Wage Index final rule will be effective October 1, 2008, 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 intermediaries following publication of the wage index final rule.

#### Important Reminder

- Hospice providers are encouraged to split claims when the dates of service span separate FYs (e.g., claims with September and October services). This allows Medicare systems to price the September services at the FY2008 rates and the October services at the FY2009 rates. **If the provider does not split such claims, all the services will be paid using the FY2008 rates.**

#### Background

- CMS annually updates the payment for hospice care, the hospice aggregate cap amount, and the hospice wage index.
- The Social Security Act (Section 1814(i)(1)(C)(ii)) stipulates that **the payments for hospice care for FYs after 2002 will increase by the market basket percentage increase for that FY.**

- In addition, this payment methodology has been codified in the Code of Federal Regulations (Title 42, Section 418.306 (a)&(b)).
- **The hospice aggregate cap amount** is updated annually. 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 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 (see [http://bulk.resource.org/gpo.gov/register/1997/1997\\_42883.pdf](http://bulk.resource.org/gpo.gov/register/1997/1997_42883.pdf) on the Internet).
- The Code of Federal Regulations (42 CFR 418.306(c)) requires that the updated hospice wage index be published annually in the Federal Register. Providers can review 42 CFR418.306(a)&(b) at [http://edocket.access.gpo.gov/cfr\\_2006/octqtr/pdf/42cfr418.306.pdf](http://edocket.access.gpo.gov/cfr_2006/octqtr/pdf/42cfr418.306.pdf) on the Internet.

Operational  
Impact      N/A

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6155.pdf> on the CMS website.

Reference  
Materials      The official instruction (CR6155) regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1570CP.pdf> on the CMS website.

Providers can review the Social Security Act, Section 1814(i)(1)(C)(ii) at [http://www.ssa.gov/OP\\_Home/ssact/title18/1814.htm](http://www.ssa.gov/OP_Home/ssact/title18/1814.htm) on the Internet.