



Related MLN Matters Article #: MM5685

Date Posted: July 16, 2007

Related CR #: 5685

*Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for Fiscal Year (FY) 2008*

### Key Words

MM5685, CR5685, R1280CP, Hospice, Wage, Index, Pricer

### Provider Types Affected

Hospices billing Medicare Regional Home Health Intermediaries (RHHIs) for hospice services

### Key Points

- The effective date of the instruction is October 1, 2007.
- The implementation date is October 1, 2007.
- 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 FYs after 2002 will increase by the market basket percentage increase for the FY.
- This payment methodology has been codified in regulations found at 42 Code of Federal Regulations (CFR) §418.306(a)(b).

### Hospice Payment Rates

- The FY 2008 payment rates will be the FY 2007 payment rates, increased by 3.3 percentage points, which is the total market basket percentage increase forecasted for FY 2008.
- The FY 2008 hospice payment rates are effective for care and services furnished on or after October 1, 2007, through September 30, 2008.
- The national payment rates for revenue codes 651, 652, 655, and 656 for October 1, 2007, through September 30, 2008, are listed in the table on page 2 in MLN Matters article MM5685.

### 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, 2007, is \$21,410.04.
- The hospice cap is discussed further in the *Medicare Claims Processing Manual*, Chapter 11, Processing Hospice Claims, Section 80.2. (See the Important Links 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, 2007, 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 hospice's intermediary following publication of the notice.
- Hospices are also advised to refer to CR5685 for claims processing information.

### Additional Billing Instructions

- Hospices should split claims if dates of service span fiscal years (e.g., if services span September and October of 2007, so the services can be paid using the correct FY rates).
- If a hospice does not split such claims, the entire claim will be paid at the lower FY2007 rate, and the hospice's RHHI will make no subsequent adjustment to the claim.
- Hospices should include the Core Based Statistical Area (CBSA) corresponding to the state and county of the beneficiary's home in Value Code 61 –on claims that include routine home care or continuous home care.
- Hospices should use the *Federal Register* table associating states and counties to CBSA codes (codes in the range of 10180 through 49740 and 01 through 65 rural state codes) to determine the code to report in value code 61.
- Medicare systems will use CBSA codes for purposes of wage index adjustment of hospice claims.
- Medicare systems will also use a table of wage index values associated with CBSA codes for FY2008 hospice payment calculations.

### Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5685.pdf> on the CMS website.

The official instruction (CR5685) regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1280CP.pdf> on the CMS website.

The hospice payment rate and cap are discussed further in the *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.hhs.gov/manuals/downloads/clm104c11.pdf> on the CMS website.

If providers have questions regarding this issue, they may contact their Medicare RHHI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.