



## Revision of the Hospice Wage Index and the Hospice Pricer for Fiscal Year (FY) 2009 – JA6418

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Date Job Aid Revised: March 19, 2009

Effective Date: October 1, 2008

Implementation Date: April 3, 2009

**Key Words** MM6418, CR6418, R1701CP, Hospice, Wage, Index, Pricer

**Contractors Affected**

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

**Provider Types Affected** Providers submitting hospice bill types 81x and 82x to Medicare A/B MACs and/or RHHIs for services provided to Medicare beneficiaries



Change Request (CR) 6418 revises the FY 2009 hospice wage index to include a full budget neutrality adjustment factor (BNAF).

**Provider Needs to Know...**

- Since the American Recovery and Reinvestment Act of 2009 delays the implementation of the BNAF phase-out until FY 2010, the FY 2009 wage index is being revised to include a full BNAF, which is not reduced.
- CR6418 instructs that a revised hospice wage index, which includes no reduction to the BNAF, will be implemented through the Hospice Pricer software found in Medicare's claims processing systems that process 81x and 82x bill types.
- The new Pricer module will not contain any new calculation logic, but will simply apply

the existing calculation to the FY 2009 payment rates, using the revised hospice wage index. An updated table will be installed in the module, to reflect the FY 2009 hospice wage index.

**Note:** The hospice payment rates and the hospice cap amount are not affected by CR6418. They have not changed from those published in CR6155.

#### Background

- The Hospice Wage Index is used to adjust payment rates to reflect local differences in wages.
- The Hospice Wage Index has been updated annually in accordance with recommendations made by a negotiated rulemaking advisory committee as published in the Federal Register on August 8, 1997.
- In FY 2009, the BNAF was reduced by 25 percent for the first year of a 3-year phase-out of the BNAF as published in the Federal Register on August 8, 2008 (see <http://edocket.access.gpo.gov/2008/pdf/E8-17795.pdf> on the Internet).
- CR6155 (Transmittal 1570, August 1, 2008) implemented the FY 2009 Wage Index with a 25 percent reduction in the BNAF. An MLN Matters article related to CR6155 is available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6155.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.
- The American Recovery and Reinvestment Tax Act of 2009 (Public Law 111-005) delays the phase out of the BNAF during FY 2009. The law requires the Secretary of Health and Human Services to recompute and apply the final Medicare hospice wage index for FY 2009 as if there had been no reduction in the BNAF.

#### Operational Impact

- Claims already processed using the version of the FY 2009 wage index which included a BNAF reduced by 25 percent, will be recomputed to apply the full BNAF.
- Medicare contractors will install the revised hospice Pricer within three weeks from date of receipt and adjust the claims already processed within 6 months of installation.

#### Reference Materials

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6418.pdf> on the CMS website.

The official instruction (CR6418) issued regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1701CP.pdf> on the CMS website.