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Related Change Request (CR) #: 6155

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Related CR Transmittal #: R1570CP

Implementation Date: October 6, 2008

Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2009

Provider Types Affected

Hospice providers submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), Part A/B Medicare Administrative Contractors (A/B MACs), and/or Regional Home Health Intermediaries (RHHIs)) for services provided to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 6155 which 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. Be sure your billing staff knows of these changes.

Background

The Centers for Medicare & Medicaid Services (CMS) annually updates the payment for hospice care, the hospice aggregate cap amount, and the hospice wage index, and the Social Security Act (Section 1814(i)(1)(C)(ii)) stipulates that **the payments for hospice care for fiscal years after 2002** will increase by the market basket percentage increase for that fiscal year (FY). You can review the Social Security Act, Section 1814(i)(1)(C)(ii) at http://www.ssa.gov/OP_Home/ssact/title18/1814.htm on the Internet. In addition, this payment methodology has been codified in the Code of Federal Regulations (Title 42, Section 418.306 (a)&(b)). You can review 42CFR418.306(a)&(b) at

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http://edocket.access.gpo.gov/cfr_2006/octqtr/pdf/42cfr418.306.pdf on the Internet.

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 on the Internet), and the Code of Federal Regulations (42 CFR 418.306(c)) requires that the updated hospice wage index be published annually in the Federal Register.

The annual hospice payment updates will be implemented through the Hospice Pricer software found in Medicare's fiscal intermediary shared system (FISS). 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

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Reference to the hospice payment rate is discussed further in the Medicare Claims Processing Manual (Chapter 11- Processing Hospice Claims, Section 30.2; see

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<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, 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 fiscal years, 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 you do not split such claims, all the services will be paid using the FY2008 rates.

Additional Information

The official instruction, CR 6155, issued to your FI, A/B MAC, and RHHI regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R1570CP.pdf> on the CMS website.

If you have any questions, please contact your FI, A/B MAC, or RHHI at their toll-free number, which may be found at

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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