

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



**News Flash – Is your organization preparing for a smooth transition to ICD-10 on October 1, 2013?** The Centers for Medicare & Medicaid Services (CMS) ICD-10 website at <http://www.cms.gov/icd10> is a valuable resource to help you prepare for the U.S. healthcare industry's change from ICD-9 to ICD-10 for medical diagnosis and inpatient procedure coding. Check back frequently for the latest news, resources, compliance timelines, and teleconference information. While you are visiting the site, sign up for the CMS ICD-10 Industry Email Updates to receive the latest information on the transition and new website content.

MLN Matters® Number: MM7518 **Revised**

Related Change Request (CR) #: 7518

Related CR Release Date: July 29, 2011

Effective Date: October 1, 2011

Related CR Transmittal #: R2260CP

Implementation Date: October 3, 2011

## **Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2012**

**Note:** This MLN Matters® Article was revised on July 9, 2012, to add a reference to MM7838 available at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM7838.pdf> to alert providers to the key provisions of the new Chapter 9, Section 90 of the "Medicare Benefit Policy Manual," including the 2 methods for counting beneficiaries being used in the hospice cap calculation, the streamlined method, and the proportional method, and the proper circumstances for the use of each. All other information is unchanged.

### **Provider Types Affected**

This article is intended for 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**

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The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 7518 which provides the annual update to the hospice payment rates for Fiscal Year (FY) 2012, the hospice aggregate cap amount for the cap period ending October 31, 2011, and the hospice wage index and Pricer for FY 2012. Be sure your billing staffs are aware of these changes, which are described in the Background and Key Points sections, below.

## Background

CMS updates the payment for hospice care, the hospice aggregate cap amount, and the hospice wage index annually. The Social Security Act (the 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), and this payment methodology is codified in the Code of Federal Regulations (refer to Title 42, Section 418.306 (a)&(b)).

## Key Points

### *FY 2012 Hospice Payment Rates*

The FY 2012 payment rates will be the FY 2011 payment rates, increased by 3.0 percentage points, which is the total hospital market basket percentage increase forecasted for FY 2012. The FY 2012 hospice payment rates are shown in the following table and are effective for care and services furnished on or after October 1, 2011, through September 30, 2012.

Code	Description	Rate	Wage Component Subject to Index	Non- Weighted Amount
651	Routine Home Care	\$151.03	\$103.77	\$ 47.26
652	Continuous Home Care Full Rate = 24 hours of care \$36.73= hourly rate	\$881.46	\$605.65	\$275.81
655	Inpatient Respite Care	\$156.22	\$ 84.56	\$ 71.66
656	General Inpatient Care	\$671.84	\$430.04	\$241.80

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

### *Hospice Cap*

The latest hospice cap amount for the cap year ending October 31, 2011, is **\$24,527.69**. In computing the cap, CMS used the medical care expenditure category of the March 2011 Consumer Price Index for all Urban consumers, published by the Bureau

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of Labor Statistics, (see <http://www.bls.gov/cpi/home.htm> on the Internet), which was 397.726. The hospice cap is discussed further in the "Medicare Claims Processing Manual," Chapter 11 (Processing Hospice Claims), Section 80.2 (Cap on Overall Hospice Reimbursement); see <http://www.cms.gov/manuals/downloads/clm104c11.pdf> on the CMS website).

### *Hospice Wage Index*

The FY 2012 Hospice Wage Index final rule will be effective October 1, 2011, 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.

**Be Aware:** Hospice providers should split claims if dates of service span separate fiscal years. For example, September/October billing as the FY 2011 rates will be used if the hospice chooses not to split the claim and your Medicare contractor will perform no subsequent adjustments to these claims.

## **Additional Information**

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The official instruction, CR7518 issued to your carrier, A/B MAC, and FI regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2260CP.pdf> on the CMS website.

If you have any questions, please contact your carrier, A/B MAC, or FI at their toll-free number, which may be found at <http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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