



## Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2018

MLN Matters Number: MM10131

Related Change Request (CR) Number: 10131

Related CR Release Date: August 4, 2017

Effective Date: October 1, 2017

Related CR Transmittal Number: R3828CP

Implementation Date: October 2, 2017

### PROVIDER TYPES AFFECTED

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This MLN Matters® Article is intended for physicians and providers submitting claims to Medicare Administrative Contractors (MACs), including Home Health & Hospice (HH&H) MACs for services provided to Medicare beneficiaries.

### PROVIDER ACTION NEEDED

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Change Request (CR) 10131 updates the hospice payment rates, hospice wage index, and Pricer for Fiscal Year (FY) 2018. The CR also updates the hospice cap amount for the cap year ending October 31, 2017. Make sure your billing staffs are aware of these changes.

### BACKGROUND

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Payment rates for hospice care, the hospice aggregate cap amount, and the hospice wage index are updated annually.

The law governing the payment for hospice care requires annual updates to the hospice payment rates. Payment rates are updated annually according to Section 1814(i)(1)(C)(ii)(VII) of the Social Security Act (the Act), which requires the Centers for Medicare & Medicaid Services (CMS) to use the inpatient hospital market basket, adjusted for multifactor productivity and other adjustments as specified in the Act, to determine the hospice payment update percentage.

The hospice aggregate cap amount 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. For accounting years that end after September 30, 2016, and before October 1, 2025, the hospice cap is updated by the hospice payment update percentage.

The hospice wage index is used to adjust payment rates to reflect local differences in wages. The hospice wage index is updated annually as discussed in hospice rulemaking.

Section 3004 of the Affordable Care Act (ACA) amended the Act to authorize a quality reporting program for hospices. Section 1814(i)(5)(A)(i) of the Act requires that beginning with Fiscal Year (FY) 2014 and each subsequent FY, the Secretary shall reduce the market basket update by 2 percentage points for any hospice that does not comply with the quality data reporting requirements with respect to that FY.

### **FY 2018 Hospice Payment Rates**

Section 411(d) of the Medicare Access and Children's Health Insurance Program (CHIP) Reauthorization Act of 2015, Pub. L. 114-10 (April 16, 2015) (MACRA) amended Section 1814(i)(1)(C) of the Act such that for hospice payments for FY 2018, the market basket percentage increase, after application of the productivity adjustment and the 0.3 percent reduction, if applicable, shall be 1 percent. Therefore, for FY 2018, the hospice payment update percentage will be 1 percent.

The FY 2018 hospice payment rates are effective for care and services furnished on or after October 1, 2017, through September 30, 2018. The hospice payment rates are discussed further in the "Medicare Claims Processing Manual", Chapter 11, Processing Hospice Claims, Section 30.2.

The updated payment rates are shown in Tables 1 and 2.

**Table 1: FY 2018 Hospice Payment Rates for RHC  
for Hospices that Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2017 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$192.78	\$132.46	\$60.32
651	Routine Home Care (days 61+)	\$151.41	\$104.03	\$47.38
652	Continuous Home Care Full Rate = 24 hours of care Hourly Rate - \$40.68	\$976.42	\$670.90	\$305.52
655	Inpatient Respite Care	\$172.78	\$93.53	\$79.25
656	General Inpatient Care	\$743.55	\$475.95	\$267.60

**Table 2: FY 2018 Hospice Payment Rates for Hospices that DO NOT Submit the Required Quality Data**

Code	Description	FY 2017 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$188.97	\$129.84	\$59.13
651	Routine Home Care (days 61+)	\$148.41	\$101.97	\$46.44
652	Continuous Home Care Full Rate = 24 hours of care Hourly Rate - \$39.88	\$957.08	\$657.61	\$299.47
655	Inpatient Respite Care	\$169.36	\$91.67	\$77.69
656	General Inpatient Care	\$728.83	\$466.52	\$262.31

### **Hospice Inpatient and Aggregate Caps**

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), CMS finalized aligning the cap accounting year, for both the inpatient cap and the hospice aggregate cap, with the federal FY beginning in 2017. Therefore, the 2017 cap year will start on October 1, 2016, and end on September 30, 2017. See Table 3 for the timeframes used to count beneficiaries and payments for the hospice aggregate cap in the 2017 and 2018 cap years.

**Table 3: Hospice Aggregate Cap Timeframes for Counting Beneficiaries and Payments for the Alignment of the Cap Accounting Year with the Federal Fiscal Year**

Cap Year	Beneficiaries		Payments	
	Streamlined Method	Patient-by-Patient Proportional Method	Streamlined Method	Patient-by-Patient Proportional Method
2016	9/28/15 – 9/27/16	11/1/15-10/31/16	11/1/15-10/31/16	11/1/15-10/31/16
2017 (Transition Year)	9/28/16-9/30/17	11/1/16-9/30/17	11/1/16-9/30/17	11/1/16-9/30/17
2018 & Later	10/1-9/30	10/1-9/30	10/1-9/30	10/1-9/30

For the inpatient cap for the 2017 cap year, CMS will calculate the percentage of all hospice days of care that were provided as inpatient days (General Inpatient (GIP) and Respite care) from November 1, 2016, through September 30, 2017 (11 months). For the inpatient cap for the 2018 cap year, CMS will calculate the percentage of all hospice days that were provided as inpatient days (GIP care and Respite care) from October 1, 2017, through September 30, 2018.

The hospice cap amount for the 2017 cap year is equal to the 2016 cap amount (\$27,820.75) updated by the FY 2017 hospice payment update percentage of 2.1 percent. As such, the 2017 cap amount is \$28,404.99.

The hospice cap amount for the 2018 cap year is equal to the 2017 cap amount (\$28,404.99) updated by the FY 2018 hospice payment update percentage of 1 percent. As such, the 2018 cap amount is \$28,689.04.

### **Hospice Wage Index**

Following publication of the FY 2018 Hospice Wage Index and Payment Rate Update final rule, the revised payment rates and wage index will be incorporated in the Hospice Pricer and forwarded to the Medicare contractors. The wage index will **not** be published in the Federal Register but will be available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

## **ADDITIONAL INFORMATION**

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The official instruction, CR10131, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R3828CP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/>.

## **DOCUMENT HISTORY**

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Date of Change	Description
August 14, 2017	Initial Article Released

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