

# Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2019

MLN Matters Number: MM10631 Related Change Request (CR) Number: CR 10631

Related CR Release Date: July 13, 2018 Effective Date: October 1, 2018

Related CR Transmittal Number: R4086CP Implementation Date: October 1, 2018

# PROVIDER TYPES AFFECTED

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

Change Request (CR) 10631 updates the hospice payment rates, hospice wage index, and Pricer for Fiscal Year (FY) 2019. CR 10631 also updates the FY 2019 hospice aggregate cap amount. These updates relate to Chapter 11, Section 30.2 of the "Medicare Claims Processing Manual". Please make sure your billing staffs are aware of these updates.

# **BACKGROUND**

Payment rates for hospice care, the hospice 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 us to use the inpatient hospital market basket, adjusted for multifactor productivity (MFP) and other adjustments as specified in the Act, to determine the hospice payment update percentage.

The hospice cap amount is updated annually in accordance with Section 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 difference 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 FY 2014 and each subsequent FY, the Secretary of the Department of Health and Human Services (HHS) 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.

# **CR 10631 Key Changes**

The hospice payment update percentage for FY 2019 is based on the estimated inpatient hospital market basket update of 2.9 percent. Due to the requirements at Sections 1886(b)(3)(B)(xi)(II) and 1814(i)(1)(C)(v) of the Act, the inpatient hospital market basket update for FY 2019 of 2.9 percent must be reduced by an MFP adjustment as mandated by the ACA (currently estimated to be 0.8 percentage point for FY 2019). The inpatient hospital market basket update for FY 2019 is reduced further by 0.3 percentage points, as mandated by the ACA. In effect, the hospice payment update percentage for FY 2019 is 1.8 percent.

The FY 2019 hospice payment rates are effective for care and services furnished on or after October 1, 2018, through September 30, 2019. The hospice payment rates are discussed further in Chapter 11, Section 30.2 of the "Medicare Claims Processing Manual".

**Note**: The FY 2019 hospice payment rates are shown in Tables 1 and 2 of the attachment to CR 10631.

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

In the FY 2016 Hospice Wage Index and Payment Rate Update Final Rule (80 FR 47142), Centers for Medicare & Medicaid Services (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 2019 cap year will start on October 1, 2018, and end on September 30, 2019.

For the inpatient cap for the 2019 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, 2018, through September 30, 2019.

The hospice cap amount for the 2019 cap year is equal to the 2018 cap amount (\$28,689.04) updated by the FY 2019 hospice payment update percentage of 1.8 percent. As such, the 2019 cap amount is \$29,205.44.

## **Hospice Wage Index**

Following publication of the FY 2019 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 Medicare contractors. The wage index will not be published in the Federal Register but will be available on the CMS website at <a href="http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html">http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html</a>.





## ADDITIONAL INFORMATION

The official instruction, CR 10631, issued to your MAC regarding this change is available at <a href="https://www.cms.gov/Regulations-and-">https://www.cms.gov/Regulations-and-</a>
Guidance/Guidance/Transmittals/2018Downloads/R4086CP.pdf.

If you have questions, your MACs may have more information. Find their website at <a href="http://go.cms.gov/MAC-website-list.">http://go.cms.gov/MAC-website-list.</a>

### **DOCUMENT HISTORY**

Date of Change		Description	
August 10, 2018	Initial article released.		

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