



**News Flash** – Did you know that your local Medicare contractor (carrier, fiscal intermediary, or Medicare Administrative Contractor (MAC)) is a valuable source of news and information regarding Medicare business in your specific practice location? Through their electronic mailing lists, your local contractor can quickly provide you with information pertinent to your geographic area, such as local coverage determinations, local provider education activities, etc. If you have not done so already, you should go to your local contractor website and sign up for their listserv or e-mailing list. Many contractors have links on their home page to take you to their registration page to subscribe to their listserv. If you do not see a link on the homepage, just search their site for “listserv” or “e-mail list” to find the registration page. If you do not know the Web address of your contractor’s homepage, it is available at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

MLN Matters Number: MM6418 **Revised**

Related Change Request (CR) #: 6418

Related CR Release Date: March 13, 2009

Effective Date: October 1, 2008

Related CR Transmittal #: R1701CP

Implementation Date: April 3, 2009

## Revision of the Hospice Wage Index and the Hospice Pricer for FY 2009

**Note: This article was updated on August 7, 2012, to reflect current Web addresses. All other information remains the same.**

### Provider Types Affected

Providers submitting hospice bill types 81x and 82x to Medicare contractors (A/B Medicare Administrative Contractors (A/B MACs), and/or Regional Home Health Intermediaries (RHHIs)) for services provided to Medicare beneficiaries.

### Provider Action Needed



#### **STOP – Impact to You**

This article is based on Change Request (CR) which revises the Fiscal Year (FY) 2009 hospice wage index to include a full budget neutrality adjustment factor (BNAF).

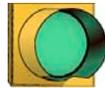
#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.



### CAUTION – What You Need to Know

The 2008 hospice wage index Final Rule, which finalized the FY 2009 hospice wage index, included a BNAF which was reduced by 25 percent. This reduction was the first year of a three-year phase out of the BNAF. The American Recovery and Reinvestment Act of 2009 delays the implementation of the BNAF phase-out until FY 2010, therefore the FY 2009 wage index is being revised to include a full BNAF, which is not reduced. CR 6418 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. Claims already processed using the version of the FY 2009 wage index (which was put forward in the August 8, 2008 Federal Register and in CR 6155) which included a 25 percent reduced BNAF will be recomputed to apply the full BNAF.



### GO – What You Need to Do

See the Background and Additional Information Sections of this article for further details regarding these changes.

## Background

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The Hospice Wage Index is used to adjust payment rates to reflect local differences in wages, and it 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 Fiscal Year (FY) 2009 the budget neutrality adjustment factor (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://www.gpo.gov/fdsys/pkg/FR-2008-08-08/pdf/E8-17795.pdf> on the Internet). The FY 2009 Wage Index (with a 25 percent reduction in the BNAF) was implemented through CR 6155 (Transmittal 1570, August 1, 2008). An MLN Matters article related to CR 6155 is available at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM6155.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

However, 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.

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Therefore CR 6418 instructs that a revised hospice wage index which includes no reduction to the BNAF will be implemented through the Hospice Pricer software found in the intermediary standard systems. 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.

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 are instructed to install the revised hospice Pricer within three weeks from date of receipt and adjust the claims already processed within 6 months of installation.

**Note:** The hospice payment rates and the hospice cap amount are not affected by CR6418, and they have not changed from those published in CR 6155.

## Additional Information

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The official instruction, CR6418, issued to your A/B MAC or RHHI regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1701CP.pdf> on the CMS website.

If you have any questions, please contact your A/B MAC or RHHI at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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