

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



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MLN Matters® Number: MM8876

Related Change Request (CR) #: CR 8876

Related CR Release Date: August 11, 2014

Effective Date: October 1, 2014

Related CR Transmittal #: R3023CP

Implementation Date: October 6, 2014

Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, Quality Reporting Program and the Hospice Pricer for Fiscal Year (FY) 2015

Provider Types Affected

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

Provider Action Needed

Change Request (CR) 8876 informs MACs about changes that update the hospice payment rates, hospice wage index, and Pricer for FY 2015, and that update the hospice cap amount for the cap year ending October 31, 2014. Make sure your billing staffs are aware of these changes.

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Background

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. Section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) stipulates that the payment rates for hospice care for fiscal years after 2002 will increase by the market basket percentage increase for the fiscal year (FY). This payment methodology has been codified in regulations found at 42 CFR §418.306(a)-(b).

The Affordable Care Act of 2010 (ACA) requires that beginning in FY 2013, the market basket update be reduced by a productivity adjustment. Additionally, ACA requires that in FY 2013, the market basket update also be reduced by 0.3 percentage point. These ACA changes are now part of the Act at section 1814(i)(1)(C)(iv).

Hospice Aggregate Cap

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. 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.

Hospice Wage Index

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 as required by 42 CFR §418.306(c) and as discussed in hospice rulemaking. The August 6, 2009, FY 2010 Hospice Wage Index final rule finalized a provision to phase out the Budget Neutrality Adjustment Factor (BNAF) over seven years, with a 10 percent reduction in the BNAF in FY 2010, and an additional 15 percent reduction in each of the next six years, with complete phase out in FY 2016.

Quality Reporting Program

Section 3004 of the Affordable Care Act 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 in 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 submission requirements with respect to that FY.

The annual hospice payment updates will be implemented through the Hospice Pricer software found in the intermediary standard systems. The new Pricer module will apply the existing calculation to the updated payment rates shown below. An updated table will be installed in the module, to reflect the FY 2015 hospice wage index.

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FY 2015 Hospice Payment Rates

The FY 2015 payment rates will be the FY 2014 payment rates, increased by 2.1 percent, which is the final hospital market basket update for FY 2015 (2.9 percent) less a productivity adjustment of 0.5 percentage point, less 0.3 percentage point. The FY 2015 hospice payment rates are effective for care and services furnished on or after October 1, 2014, through September 30, 2015.

Reference to the hospice payment rate is discussed further in the "Medicare Claims Processing Manual," Chapter 11, Processing Hospice Claims, Section 30.2 which can be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c11.pdf> on the CMS website.

Table 1: FY 2015 Hospice Payment Rates Updated by the Estimated Hospice Payment Update Percentage

Code	Description	FY 2014 Payment Rates	Increase by the FY 2015 final hospice payment update of 2.1 percent	FY 2015 final Payment Rate	Labor Share of the final payment rate	Non-Labor share of the final payment rate
651	Routine Home Care	\$156.06	x1.021	\$159.34	\$109.48	\$49.86
652	Continuous Home Care: Full rate applies to 24 hours of care. Hourly rate = \$38.75	\$910.78	x1.021	\$929.91	\$638.94	\$290.97
655	Inpatient Respite Care	\$161.42	x1.021	\$164.81	\$89.21	\$75.60
656	General Inpatient Care	\$694.19	x1.021	\$708.77	\$453.68	\$255.09

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Beginning in FY 2014, hospices which fail to report quality data will have their market basket update reduced by two percentage points. Table 2 shows the rates for these hospices.

Table 2: Hospice Payment Update Percentage for Hospices That DO NOT Submit the Required Quality Data

Code	Description	FY 2014 Payment Rates	Increase by the FY 2015 hospice payment update percentage of 2.1 percent minus 2 percentage points =0.1	FY 2015 Payment Rate	Labor Share of the final payment rate	Non-Labor share of the final payment rate
651	Routine Home care	\$156.06	x1.001	\$156.22	\$107.34	\$48.88
652	Continuous Home Care: Full rate applies to 24 hours of care. Hourly rate = \$37.99	\$910.78	x1.001	\$911.69	\$626.42	\$285.27
655	Inpatient Respite Care	\$161.42	x1.001	\$161.58	\$87.46	\$74.12
656	General Inpatient Care	\$694.19	x1.001	\$694.88	\$444.79	\$250.09

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2014, is \$26,725.79. In computing the cap, CMS used the March 2014 Consumer Price Index for All Urban Consumers (CPI-U) from the Medical Care expenditure category, published by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>), which was 433.369. The hospice cap is discussed further in the "Medicare Claims Processing Manual," Chapter 11, Processing Hospice Claims, Section 80.2.

Hospice Wage Index

The FY 2015 Hospice Wage Index final rule will be effective October 1, 2014, and published on the CMS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Regulations-and-Notices-Items/CMS-1609-F.html> before that date. The

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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.

Additional Information

The official instruction, CR 8876 issued to your MAC regarding this change, is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3023CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Net/work-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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