

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 3828</b>	<b>Date: August 4, 2017</b>
	<b>Change Request 10131</b>

**NOTE: This Transmittal is no longer sensitive and is being re-communicated August 11, 2017. The Transmittal Number, date of Transmittal and all other information remain the same. This instruction may now be posted to the Internet.**

**SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2018**

**I. SUMMARY OF CHANGES:** This Change Request (CR) updates the hospice payment rates, hospice wage index, and Pricer for FY 2018. The CR also updates the hospice cap amount for the cap year ending October 31, 2017. These updates apply to Pub 100-04, Chapter 11, section 30.2.

**EFFECTIVE DATE: October 1, 2017**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: October 2, 2017**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3828	Date: August 4, 2017	Change Request: 10131
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## I. GENERAL INFORMATION

**A. 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 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 §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 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.

## B. Policy: FY 2018 Hospice Payment Rates

Section 411(d) of the Medicare Access and 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 Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

The FY 2018 hospice payment rates are shown in Tables 1 and 2 of the attachment.

## Hospice Inpatient and Aggregate Caps

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), we 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 in the attachment for the timeframes used to count beneficiaries and payments for the hospice aggregate cap in the 2017 and 2018 cap years.

For the inpatient cap for the 2017 cap year, we 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, we 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 on the CMS Web site at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
10131.1	Medicare systems shall apply the FY 2018 rates for claims with dates of service on or after October 1, 2017 through September 30, 2018.					X				Hospice Pricer
10131.1.1	Medicare systems shall install the new Hospice Pricer software.					X				Hospice Pricer
10131.2	Medicare systems shall use Core Based Statistical Area (CBSA) codes for purposes of wage index adjustment of hospice claims. Medicare systems shall also use a table of wage index values associated with CBSA codes for FY 2018 hospice payment calculation.					X				Hospice Pricer
10131.3	Contractors shall calculate hospices' aggregate cap amounts for the 2017 cap year, starting on October 1, 2016 and ending on September 30, 2017, based on the cap amount of \$28,404.99.			X						
10131.4	Contractors shall calculate hospices' aggregate cap			X						

Number	Requirement	Responsibility								
		A/B MAC			D M E	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	amounts for the 2018 cap year, starting on October 1, 2017 and ending on September 30, 2018, based on the cap amount of \$28,689.04.									

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E I
		A	B	H H H		
10131.5	MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.			X		

### IV. SUPPORTING INFORMATION

#### Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

Section B: All other recommendations and supporting information: N/A

### V. CONTACTS

Pre-Implementation Contact(s): Sharon Ventura, 410-786-1985 or [sharon.ventura@cms.hhs.gov](mailto:sharon.ventura@cms.hhs.gov)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 1**

**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 2018 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**

<b>Code</b>	<b>Description</b>	<b>FY 2018 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
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

**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 and later	10/1-9/30	10/1-9/30	10/1-9/30	10/1-9/30