

<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 4086</b>	<b>Date: July 13, 2018</b>
	<b>Change Request 10631</b>

**NOTE: This Transmittal is no longer sensitive and is being re-communicated August 10, 2018. The Transmittal Number, date of Transmittal and all other information remains 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 2019**

**I. SUMMARY OF CHANGES:** This Change Request (CR) updates the hospice payment rates, hospice wage index, and Pricer for FY 2019. The CR also updates the FY 2019 hospice aggregate cap amount. These updates apply to Pub 100-04, Chapter 11, section 30.2.

**EFFECTIVE DATE: October 1, 2018**

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

**IMPLEMENTATION DATE: October 1, 2018**

*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 4086	Date: July 13, 2018	Change Request: 10631
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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 2019 Hospice Payment Rates**

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 Affordable Care Act (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 point, as mandated by the Affordable Care Act. 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 Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

The FY 2019 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 2019 cap year will start on October 1, 2018 and end on September 30, 2019.

For the inpatient cap for the 2019 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, 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 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	
10631.1	Medicare systems shall apply the FY 2019 rates for claims with dates of service on or after October 1, 2018 through September 30, 2019.					X				Hospice Pricer
10631.1.1	Medicare systems shall install the new Hospice Pricer software.					X				Hospice Pricer
10631.2	Medicare systems shall use a table of wage index values associated with Core Based Statistical Area (CBSA) codes for purposes of wage adjusting hospice claims.					X				Hospice Pricer
10631.3	Contractors shall calculate hospices' aggregate cap amounts for the 2019 cap year, starting on October 1, 2018 and ending on September 30, 2019, based on the cap amount of \$29,205.44.			X						

**III. PROVIDER EDUCATION TABLE**

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
10631.4	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the “MLN Matters” listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.			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

**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 2019 Hospice Payment Rates for RHC  
for Hospices that Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2019 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$196.25	\$134.84	\$61.41
651	Routine Home Care (days 61+)	\$154.21	\$105.96	\$48.25
652	Continuous Home Care  Full Rate = 24 hours of care  Hourly rate=\$41.56	\$997.38	\$685.30	\$312.08
655	Inpatient Respite Care	\$176.01	\$95.27	\$80.74
656	General Inpatient Care	\$758.07	\$485.24	\$272.83

**Table 2: FY 2019 Hospice Payment Rates for Hospices  
that DO NOT Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2019 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$192.39	\$132.19	\$60.20
651	Routine Home Care (days 61+)	\$151.18	\$103.88	\$47.30
652	Continuous Home Care  Full Rate = 24 hours of care  Hourly rate=\$40.74	\$977.78	\$671.83	\$305.95
655	Inpatient Respite Care	\$172.56	\$93.41	\$79.15
656	General Inpatient Care	\$743.18	\$475.71	\$267.47