

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3345	Date: September 4, 2015
	Change Request 9301

SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2016

I. SUMMARY OF CHANGES: This Change Request (CR) updates the hospice payment rates, hospice wage index, and Pricer for FY 2016. The CR also updates the hospice cap amount for the cap year ending October 31, 2015. These updates apply to Pub 100-04, Chapter 11, Section 30.2.

EFFECTIVE DATE: October 1, 2015

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

IMPLEMENTATION DATE: October 5, 2015

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.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
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

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SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2016

EFFECTIVE DATE: October 1, 2015

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I. GENERAL INFORMATION

A. 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) and (b).

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.

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. The FY 2010 Hospice Wage Index final rule finalized a provision to phase out the budget neutrality factor (BNAF) over seven years. The BNAF was reduced by 10 percent in FY 2010 and by an additional 15 percent in each of the next six years. For FY 2016, the BNAF is reduced by the final 15 percent reduction and, therefore, completely phased out. The hospice wage index is still adjusted by the hospice floor adjustment.

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: The annual hospice payment updates will be implemented through the Hospice Pricer software found in the intermediary standard systems. The new Pricer module will contain new logic related to a service intensity add-on (SIA) payment. The SIA payment and related changes will be implemented through a separate instruction. An updated table will be installed in the module, to reflect the FY 2016 hospice wage index.

FY 2016 Hospice Payment Rates

The FY 2016 payment rates will be increased by 1.6 percent. The 1.6 percent hospice payment update is equivalent to the FY 2016 hospital market basket update (2.4 percent) less a productivity adjustment of 0.5 percentage point, less 0.3 percentage point. The productivity adjustment and 0.3 percentage point reduction are both mandated by section 3401(g) of the ACA. Beginning in FY 2014, hospices which fail to report the required quality data will have their market basket update reduced by 2 percentage points.

Between October 1, 2015 and December 31, 2015, hospices will continue to be paid a single RHC per diem payment amount. Effective January 1, 2016, two separate payment rates will be applicable for RHC. A

higher RHC rate for days 1 through 60 and a lower RHC rate for days 61 and beyond of a hospice episode of care will replace the single RHC rate. For hospice patients who are discharged and readmitted to hospice within 60 days of that discharge, a patient's prior hospice days would continue to follow the patient and count toward his or her patient days for the new hospice election. The hospice days would continue to follow the patient solely to determine whether the receiving hospice would receive payment at the day 1 through 60 RHC rate or day 61 and beyond RHC rate. We will calculate the patient's episode day count based on the total number of days the patient has been receiving hospice care separated by no more than a 60 day gap in hospice care, regardless of level of care or whether those days were billable or not. This calculation would include hospice days that occurred prior to January 1, 2016. An episode of care for hospice RHC payment purposes is a hospice election period or series of election periods separated by no more than a 60 day gap in hospice care.

Effective January 1, 2016, a service intensity add-on (SIA) payment may be provided for RHC days when direct patient care is provided by a registered nurse (RN) or social worker during the last seven days of the patient's life. The SIA is a payment that may be made in addition to the per diem rate for the RHC level of care. The SIA payment will equal the Continuous Home Care (CHC) hourly rate multiplied by the hours of nursing/social work service (for at least 15 minutes and up to 4 hours total) that occurred on a RHC day during the last seven days of life.

The FY 2016 hospice payment rates are effective for care and services furnished on or after October 1, 2015, through September 30, 2016. The hospice payment rates are discussed further in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, Section 30.2.

The updated payment rates are shown in the attached tables.

Hospice Cap

The hospice aggregate cap amount for the 2015 cap year ending October 31, 2015 is \$27,382.63. In computing the cap, CMS used the medical care expenditure category of the March 2015 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>), which was 444.020.

Hospice Wage Index

Following publication of the FY 2016 Hospice Wage Index and Payment Rate Update in the Federal Register, the revised payment rates and wage index will be incorporated in the Hospice Pricer and forwarded to the Medicare contractors.

On February 28, 2013, the Office of Management and Budget (OMB) issued OMB Bulletin No. 13-01, announcing revisions to the delineation of MSAs, Micropolitan Statistical Areas, and Combines Statistical Areas, and guidance on uses of the delineation in these areas. These revisions will be incorporated into the hospice wage index for FY 2016.

In order to provide a transition to the revised geographic area delineations, CMS will use a blended wage index for hospice payments for one year (FY 2016). The transition wage index is a 50/50 blend of the wage index values using OMB's old area delineations and the wage index values using OMB's new area delineations. That is, for each county, a blended wage index is calculated equal to fifty percent of the FY 2016 wage index using the old labor market area delineation and fifty percent of the FY 2016 wage index using the new labor market area delineation. This results in an average of the two values. The hospice floor calculation is applied to the wage index values prior to blending.

Due to the way that the transition wage index is calculated, some Core Based Statistical Areas (CBSAs) and statewide rural areas will have more than one transition wage index value associated with that CBSA or rural area. However, each county will have only one transition wage index. For counties located in CBSAs and rural areas that correspond to more than one transition wage index value, the CBSA number will not be

able to be used for FY 2016 claims. These CBSA numbers are listed in Table 7 (attached). In these cases, a number other than the CBSA number will be needed to identify the appropriate wage index value for claims for hospice care provided in FY 2016. These numbers are five digits in length and begin with "50". These special 50xxx codes are shown in the last column of the FY 2016 hospice wage index file located at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>. For counties located in CBSAs and rural areas that still correspond to only one wage index value, the CBSA number will still be used.

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		
9301.1	Medicare systems shall apply the FY 2016 rates for claims with dates of service on or after October 1, 2015 through September 30, 2016.					X					Hospice Pricer
9301.1.1	Medicare systems shall install the new Hospice Pricer software.					X					Hospice Pricer
9301.1.2	Medicare systems shall use the RHC rates in Tables 1 and 4 (attached) for claims with dates of service on or after October 1, 2015 through December 31, 2015.					X					Hospice Pricer
9301.1.3	Medicare systems shall use the RHC rates in Tables 2 and 5 (attached) for claims with dates of service on or after January 1, 2016 through September 30, 2016. These rates are based on the number of days that the patient has been receiving hospice care. A higher RHC rate applies to the first 60 days of hospice care and a reduced RHC rate applies to days 61 and beyond.					X					Hospice Pricer
9301.2	Medicare systems shall use Core Based Statistical Area (CBSA) codes or special 50xxx 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 2016 hospice payment calculation.			X		X					Hospice Pricer

9301.2.1	The contractor shall instruct providers to submit the CBSA code or special 50xxx code, corresponding to the state and county where the hospice services were provided, on the hospice claim. The contractor shall instruct providers serving beneficiaries in areas where there is more than one unique CBSA due to the wage index transition, to use the special 50xxx codes to determine the appropriate code to report in place of the CBSA code.			X		X				
9301.2.2	The contractor shall accept CBSA codes in the 50xxxx range as valid when reported with value codes 61 or G8 on hospice claims.					X				
9301.3	If a hospice is identified as failing to meet the quality reporting requirements the contractor shall ensure the Quality Indicator in the Outpatient Provider Specific File (OPSF) is updated to 1 to reflect the 2 percent payment reduction to the market basket. NOTE: The OPSF Quality Indicator remains blank for Hospices not subject to the quality reporting reduction.			X						
9301.4	Contractors shall calculate the cap amounts for the 2015 cap year, starting on November 1, 2014 and ending on October 31, 2015, based on the aggregate cap amount of \$27,382.63.			X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC		H H H	D M E M A C	C E D I
A	B					
9301.5	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ 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:
9301.2.3	This requirement will require revisions to FISS reason codes, including 32032 and 36458.

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

V. CONTACTS

Pre-Implementation Contact(s): Hillary Loeffler, 410-786-0456 or hillary.loeffler@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 2016 Hospice Payment Rate for RHC for October 1, 2015 through December 31, 2015

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care	\$161.89	\$111.23	\$50.66

Table 2: FY 2016 Hospice Payment Rates for RHC for January 1, 2016 through September 30, 2016

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$186.84	\$128.38	\$58.46
651	Routine Home Care (days 61+)	\$146.83	\$100.89	\$45.94

Table 3: FY 2016 Hospice Payment Rates for CHC, IRC, and GIP

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
652	Continuous Home Care Full Rate = 24 hours of care \$=39.37 FY 2016 hourly rate	\$944.79	\$649.17	\$295.62
655	Inpatient Respite Care	\$167.45	\$90.64	\$76.81
656	General Inpatient Care	\$720.11	\$460.94	\$259.17

Table 4: FY 2016 Hospice Payment Rate for RHC for October 1, 2015 through December 31, 2015 for Hospices That DO NOT Submit the Required Quality Data

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care	\$158.70	\$109.04	\$49.66

Table 5: FY 2016 Hospice Payment Rates for RHC for January 1, 2016 through September 30, 2016 for Hospices That DO NOT Submit the Required Quality Data

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$183.17	\$125.86	\$57.31
651	Routine Home Care (days 61+)	\$143.94	\$98.90	\$45.04

Table 6: FY 2016 Hospice Payment Rates for CHC, IRC, and GIP for Hospices That DO NOT Submit the Required Quality Data

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
652	Continuous Home Care Full Rate= 24 hours of care \$=38.59 hourly rate	\$926.19	\$636.39	\$289.80
655	Inpatient Respite Care	\$164.15	\$88.85	\$75.30
656	General Inpatient Care	\$705.93	\$451.87	\$254.06

Table 7: List of CBSA codes that are invalid for Hospice for FY 2016 due to the wage index transition (these areas need to use 50xxx codes)

CBSA Code	CBSA Name
10380	Aguadilla-Isabela, PR
11100	Amarillo, TX
12060	Atlanta-Sandy Springs-Roswell, GA
12260	Augusta-Richmond County, GA-SC
13140	Beaumont-Port Arthur, TX
13740	Billings, MT
13980	Blacksburg-Christiansburg-Radford, VA
14010	Bloomington, IL
14540	Bowling Green, KY
15764	Cambridge-Newton-Framingham, MA
16740	Charlotte-Concord-Gastonia, NC-SC
16820	Charlottesville, VA
17140	Cincinnati, OH-KY-IN
18140	Columbus, OH
18880	Crestview-Fort Walton Beach-Destin, FL
19660	Deltona-Daytona Beach-Ormond Beach, FL
20524	Dutchess County-Putnam County, NY
21060	Elizabethtown-Fort Knox, KY
21340	El Paso, TX
23104	Fort Worth-Arlington, TX
24340	Grand Rapids-Wyoming, MI
24860	Greenville-Anderson-Mauldin, SC
25060	Gulfport-Biloxi-Pascagoula, MS
26580	Huntington-Ashland, WV-KY-OH
26820	Idaho Falls, ID
26900	Indianapolis-Carmel-Anderson, IN
29180	Lafayette, LA
31140	Louisville/Jefferson County, KY-IN
31180	Lubbock, TX
31540	Madison, WI
32820	Memphis, TN-MS-AR
33260	Midland, TX
33460	Minneapolis-St. Paul-Bloomington, MN-WI
34820	Myrtle Beach-Conway-North Myrtle Beach, SC-NC
34980	Nashville-Davidson--Murfreesboro--Franklin, TN
35084	Newark, NJ-PA
35380	New Orleans-Metairie, LA
35614	New York-Jersey City-White Plains, NY-NJ
36260	Ogden-Clearfield, UT
37460	Panama City, FL
38660	Ponce, PR
39660	Rapid City, SD
40340	Rochester, MN
40380	Rochester, NY
41540	Salisbury, MD-DE

41980	San Juan-Carolina-Caguas, PR
43340	Shreveport-Bossier City, LA
43580	Sioux City, IA-NE-SD
43900	Spartanburg, SC
44060	Spokane-Spokane Valley, WA
46220	Tuscaloosa, AL
47260	Virginia Beach-Norfolk-Newport News, VA-NC
47380	Waco, TX
47894	Washington-Arlington-Alexandria, DC-VA-MD-WV
48620	Wichita, KS
49180	Winston-Salem, NC
49340	Worcester, MA-CT
99901	Alabama
99913	Idaho
99915	Indiana
99917	Kansas
99918	Kentucky
99922	Massachusetts
99923	Michigan
99925	Mississippi
99926	Missouri
99934	North Carolina
99936	Ohio
99945	Texas
99946	Utah
99949	Virginia
99951	West Virginia