

<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 3559</b>	<b>Date: July 8, 2016</b>
	<b>Change Request 9729</b>

**NOTE: This Transmittal is no longer sensitive/controversial and is being re-communicated, August 12, 2016. 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 2017**

**I. SUMMARY OF CHANGES:** This Change Request (CR) updates the hospice payment rates, hospice wage index, and Pricer for FY 2017. The CR also updates the hospice cap amount for the cap year ending October 31, 2016. These updates apply to Pub 100-04, Chapter 11, section 30.2.

**EFFECTIVE DATE: October 1, 2016**

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

**IMPLEMENTATION DATE: October 3, 2016**

*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: 3559	Date: July 8, 2016	Change Request: 9729
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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. 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 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. 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 2017 Hospice Payment Rates**

The FY 2017 payment rates will be increased by 2.1 percent. The 2.1 percent hospice payment update is equivalent to the FY 2017 inpatient hospital market basket update (2.7 percent) less the multifactor productivity adjustment of 0.3 percentage point, and less an additional 0.3 percentage point as required by the ACA. 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.

The FY 2017 hospice payment rates are effective for care and services furnished on or after October 1, 2016, through September 30, 2017. 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.



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	
9729.4	Contractors shall calculate the cap amounts for the 2016 cap year, starting on November 1, 2015 and ending on October 31, 2016, based on the aggregate cap amount of \$27,820.75.			X						
9729.5	Contractors shall calculate the cap amounts for the 2017 cap year, starting on October 1, 2016 and ending on September 30, 2017, based on the aggregate cap amount of \$28,404.99.			X						

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	CE DI
		A	B	H H H		
9729.6	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):** 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):**

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.

**ATTACHMENTS: 1**

**Table 1: FY 2017 Hospice Payment Rates for RHC  
for Hospices that Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2017 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$190.55	\$130.93	\$59.62
651	Routine Home Care (days 61+)	\$149.82	\$102.94	\$46.88
652	Continuous Home Care  Full Rate = 24 hours of care  Hourly rate=\$40.19	\$964.63	\$662.80	\$301.83
655	Inpatient Respite Care	\$170.97	\$92.55	\$78.42
656	General Inpatient Care	\$734.94	\$470.44	\$264.50

**Table 2: FY 2017 Hospice Payment Rates for Hospices  
that DO NOT Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2017 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$186.82	\$128.36	\$58.46
651	Routine Home Care (days 61+)	\$146.89	\$100.93	\$45.96
652	Continuous Home Care  Full Rate = 24 hours of care  Hourly rate=\$39.41	\$945.73	\$649.81	\$295.92
655	Inpatient Respite Care	\$167.62	\$90.73	\$76.89
656	General Inpatient Care	\$720.54	\$461.22	\$259.32