



Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2021

MLN Matters Number: MM11876 **Revised**

Related Change Request (CR) Number: 11876

Related CR Release Date: **September 24, 2020**

Effective Date: October 1, 2020

Related CR Transmittal Number: **R10372CP**

Implementation Date: October 5, 2020

Note: We revised the article to reflect a revised CR 11876. The CR changed the hourly Continuous Home Care rates in the hospice tables and we made those changes to the article. We also changed the CR release date, transmittal number, and the web address of the CR. All other information remains the same.

PROVIDER TYPES AFFECTED

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

PROVIDER ACTION NEEDED

CR 11876 updates the hospice payment rates, hospice wage index, and Pricer for Fiscal Year (FY) 2021. CR 11876 also updates the FY 2021 hospice aggregate cap amount. Make sure your billing staffs are aware of these changes.

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) updates the payment rates for hospice care, the hospice cap amount, and the hospice wage index annually. The law governing 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 CMS to use the inpatient hospital market basket, adjusted for Multifactor Productivity (MFP) 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 Section 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 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.

FY 2021 Hospice Payment Rates

The hospice payment update percentage for Fiscal Year (FY) 2021 is based on the inpatient hospital market basket update of 2.4 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 2021 of 2.4 percent must be reduced by an MFP adjustment as mandated by Affordable Care Act (currently estimated to be 0 percentage point for FY 2021). In effect, the hospice payment update percentage for FY 2021 is 2.4 percent.

The FY 2021 hospice payment rates are effective for care and services furnished on or after October 1, 2020, through September 30, 2021. The hospice payment rates are discussed further in the Medicare Claims Processing Manual, Chapter 11, Section 30.2 at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c11.pdf>. The FY 2021 hospice payment rates are shown in Tables 1 and 2 below.

Table 1: FY 2021 Hospice Payment Rates for Hospices that Submit the Required Quality Data

| Code | Description | FY 2021 Payment Rate | Labor Share | Non-Labor Share |
|------|---|----------------------|-------------|-----------------|
| 651 | Routine Home Care (days 1-60) | \$199.25 | \$136.90 | \$62.35 |
| 651 | Routine Home Care (days 61+) | \$157.49 | \$108.21 | \$49.28 |
| 652 | Continuous Home Care Full Rate = 24 hours of care Hourly rate= \$59.68 | \$1,432.41 | \$984.21 | \$448.20 |
| 655 | Inpatient Respite Care | \$461.09 | \$249.59 | \$211.50 |
| 656 | General Inpatient Care | \$1,045.66 | \$669.33 | \$376.33 |

Table 2: FY 2021 Hospice Payment Rates for Hospices that DO NOT Submit the Required Quality Data

| Code | Description | FY 2021 Payment Rate | Labor Share | Non-Labor Share |
|------|---|----------------------|-------------|-----------------|
| 651 | Routine Home Care (days 1-60) | \$195.36 | \$134.23 | \$61.13 |
| 651 | Routine Home Care (days 61+) | \$154.42 | \$106.10 | \$48.32 |
| 652 | Continuous Home Care Full Rate = 24 hours of care Hourly rate= \$58.52 | \$1,404.44 | \$964.99 | \$439.45 |
| 655 | Inpatient Respite Care | \$452.08 | \$244.71 | \$207.37 |
| 656 | General Inpatient Care | \$1,025.23 | \$656.25 | \$368.98 |

Hospice Inpatient and Aggregate Caps

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), CMS 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 2021 cap year will start on October 1, 2020, and end on September 30, 2021.

For the inpatient cap for the 2021 cap year, CMS will calculate the percentage of all hospice days that were provided as inpatient days (GIP care and Respite care) from October 1, 2020, through September 30, 2021.

The hospice cap amount for the 2021 cap year is equal to the FY 2020 cap amount (\$29,964.78) updated by the FY 2021 hospice payment update percentage of 2.4 percent. As such, the FY 2021 cap amount is \$30,683.93.

Hospice Wage Index

The revised payment rates and wage index will be incorporated in the Hospice Pricer and forwarded to the MACs. The wage index will **not** be published in the Federal Register but will be available on the CMS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

ADDITIONAL INFORMATION

The official instruction, CR 11876, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10372CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

| Date of Change | Description |
|--------------------|--|
| September 24, 2020 | We revised the article to reflect a revised CR 11876. The CR changed the hourly Continuous Home Care rates in the hospice tables and we made those changes to the article. We also changed the CR release date, transmittal number, and the web address of the CR. All other information remains the same. |
| September 10, 2020 | We revised the article to correct two typos in Table 1 related to revenue codes 652 and 656. All other information is the same. |
| August 31, 2020 | Initial article released. |

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