

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



News Flash – In response to shortage of liposomal doxorubicin (Doxil), the Food and Drug Administration is permitting the temporary importation of Lipodox, a brand of liposomal doxorubicin hydrochloride. Visit <http://www.FDA.gov/NewsEvents/Newsroom/PressAnnouncements/ucm292658.htm> for additional information. The Centers for Medicare & Medicaid Services (CMS) Healthcare Common Procedure Coding System (HCPCS) Quarterly Update includes two new codes (Q2048 and Q2049) for liposomal doxorubicin that will become effective Sunday, July 1, 2012. The code descriptors are worded in a manner that distinguishes Lipodox and Doxil. As of Sunday, July 1, 2012, HCPCS code J9001 will not be used for Medicare billing. CMS will release a Change Request (CR) with additional instructions in the near future.

MLN Matters® Number: MM7857

Related Change Request (CR) #: CR 7857

Related CR Release Date: July 20, 2012

Effective Date: October 1, 2012

Related CR Transmittal #: R2497CP

Implementation Date: October 1, 2012

Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2013

Provider Types Affected

This MLN Matters® Article is intended for hospices submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and A/B Medicare Administrative Contractors (MACs)) for services provided to Medicare beneficiaries.

Provider Action Needed

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 7857, which provides the annual update to the hospice payment rates, hospice wage index and Pricer for Fiscal Year (FY) 2013, and the annual update of the hospice cap amount for the 2013 cap year. Be sure your billing staffs are aware of these changes, which are described in the Background and Key Points sections below.

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Background

Payment rates for hospice care, the hospice aggregate cap amount, and the hospice wage index are updated annually. 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 update for the FY. This payment methodology has been codified in regulations found at 42 Code of Federal Regulations (CFR) Section 418.306(a) and (b). The Affordable Care Act requires that, beginning in FY 2013, the market basket update be reduced by a productivity adjustment. Additionally, the Affordable Care Act requires that, in FY 2013, the market basket update also be reduced by 0.3 percentage point. These changes found in the Affordable Care Act are now part of the Social Security Act at Section 1814(i)(1)(C)(iv).

Hospice Aggregate Cap

The **Hospice Aggregate 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. 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.

Hospice Wage Index

The **Hospice Wage Index** is used to adjust payment rates to reflect local differences in wages according to the revised wage index. The Hospice Wage Index is updated annually in accordance with recommendations made by a negotiated rulemaking advisory committee as published in the "Federal Register" on August 8, 1997, and on August 8, 2008. 42 CFR Section 418.306(c) requires that the updated hospice wage index be issued annually in the "Federal Register."

Key Points of CR7857

The annual hospice payment updates will be implemented through the Hospice Pricer software found in the Fiscal Intermediary standard systems. The new Pricer module will not contain any new calculation logic, but will simply apply the existing calculation to the updated payment rates in the table on the next page. An updated table will be installed in the module, to reflect the FY 2013 hospice wage index.

[FY 2013 Hospice Payment Rates](#)

The FY 2013 payment rates will be the FY 2012 payment rates, increased by 1.6 percentage points, which is the final hospital market basket update for FY 2013 (2.6 percent) less a productivity adjustment of 0.7 percent, less 0.3 percent per the Affordable Care Act. The FY 2013 hospice payment rates are effective for care and services furnished on or after October 1, 2012, through September 30, 2013.

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The hospice payment rate is discussed further in the “Medicare Claims Processing Manual,” Chapter 11, Processing Hospice Claims, Section 30.2, which is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c11.pdf> on the CMS website.

Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$153.45	\$105.44	\$48.01
652	Continuous Home Care Full Rate = 24 hours of care \$37.32= hourly rate	\$895.56	\$615.34	\$280.22
655	Inpatient Respite Care	\$158.72	\$85.92	\$72.80
656	General Inpatient Care	\$682.59	\$436.93	\$245.66

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2012, is \$25,377.01. In computing the cap, we used the medical care expenditure category of the March 2012 Consumer Price Index for all Urban consumers, which was 411.498. This index is published by the Bureau of Labor Statistics and is available at <http://www.bls.gov/cpi/home.htm> on the Internet. The hospice cap is discussed further in the “Medicare Benefit Policy Manual,” Chapter 9, “Coverage of Hospice Services Under Hospital Insurance,” Section 90, which is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c09.pdf> on the CMS website.

Hospice Wage Index

The FY 2013 Hospice Wage Index notice will be effective October 1, 2012, and will be published in the “Federal Register” before that date. The revised wage index and payment rates will be incorporated in the hospice Pricer and forwarded to the intermediaries following publication of the wage index notice.

Note: Hospice providers are encouraged to split claims if dates of service span separate fiscal years, e.g., September/October billing. Medicare Contractors will use the FY 2012 rates if the hospice chooses not to split the claim; the contractor will perform no subsequent adjustments to these claims.

Additional Information

The official instruction, CR7857, issued to your FI, RHHI and A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2497CP.pdf> on the CMS website.

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If you have any questions, please contact your FI, RHHI or A/B MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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