



Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2023

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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 services they provide to Medicare patients.

Provider Action Needed

Make sure your billing staff knows about these changes:

- Payment rates for hospice care
- The hospice cap amount
- The hospice wage index

Background

Payment rates for hospice care, the hospice cap amount, and the hospice wage index are updated annually.

CMS updates the hospice cap amount annually based on section 1814(i)(2)(B) of the [Social Security Act](#) (the Act). 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 FY 2022 hospice final rule finalized the extension of the current calculation (hospital market basket reduced for multi-factor productivity (MFP)) for updating the hospice cap amount through Fiscal Year (FY) 2030.

We use the hospice wage index to adjust payment rates to show local differences in wages. We update the hospice wage index annually.

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 HHS Secretary (the Secretary) will reduce the market basket update by 2% for any hospice that doesn't comply with the quality data reporting requirements with respect to that FY.

FY 2023 Hospice Payment Rates

The hospice payment update percentage for FY 2023 is based on the inpatient hospital market basket update of 4.1%. 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 2023 of 4.1% must be reduced by an MFP adjustment (currently estimated to be 0.3% for FY 2023). In effect, the hospice payment update percentage for FY 2023 is 3.8%.

The FY 2023 hospice payment rates are effective for care and services provided on or after October 1, 2022 - September 30, 2023.

The FY 2023 hospice payment rates are in Tables 1 and 2 of [CR 12832](#).

Hospice Inpatient and Aggregate Caps

The 2023 cap year will start on October 1, 2022, and end on September 30, 2023 (FY 2023). For the inpatient cap for the 2023 cap year, we'll calculate the percentage of all hospice days provided as inpatient days (general inpatient care and respite care) from October 1, 2022 - September 30, 2023.

The hospice cap amount for the 2023 cap year is equal to the FY 2022 cap amount (\$31,297.61) updated by the FY 2023 hospice payment update percentage of 3.8%. So, the FY 2023 cap amount is \$32,486.92.

Hospice Wage Index

The FY 2023 hospice final rule finalizes application of a permanent 5% cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline. We finalized that a geographic area's wage index for FY 2023 and subsequent years, wouldn't be less than 95% of its wage index in the prior FY.

The revised payment rates and wage index will be in the Hospice Pricer. The wage index **won't** be published in the Federal Register but will be available on the [CMS website](#).

Hospice Labor Shares

The FY 2022 Hospice final rule revised the labor shares used to wage-adjust hospice payments for each level of care. The revised labor share for Routine Home Care is 66% and the corresponding non-labor share is 34%. The revised labor share for Continuous Home Care is 75.2% and the corresponding non-labor share is 24.8%. The revised labor share for Inpatient Respite Care is 61% and the corresponding non-labor share is 39%. The revised labor share for General Inpatient Care is 63.5% and the corresponding non-labor share is 36.5%.

More Information

We issued [CR 12832](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
August 10, 2022	Initial article released.

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