

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 4363	Date: August 16, 2019
	Change Request 11411

SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2020

I. SUMMARY OF CHANGES: This Change Request (CR) updates the hospice payment rates, hospice wage index, and Pricer for FY 2020. The CR also updates the FY 2020 hospice aggregate cap amount. These updates apply to Pub 100-04, Chapter 11, section 30.2.

EFFECTIVE DATE: October 1, 2019

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

IMPLEMENTATION DATE: October 7, 2019

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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I. GENERAL INFORMATION

A. Background: Payment rates for hospice care, the hospice cap amount, and the hospice wage index are updated 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 us 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 final rule rebases the per diem payment rates for continuous home care (CHC), inpatient respite care (IRC), and general inpatient care (GIP), with a corresponding 2.72 percent reduction to the routine home care (RHC) payment rates to offset the increases to CHC, IRC, and GIP payment rates to implement this policy in a budget-neutral manner in accordance with section 1814(i)(6) of the Act (84 FR 38487 to 38496).

The hospice 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 2020 Hospice Payment Rates

The hospice payment update percentage for Fiscal Year (FY) 2020 is based on the inpatient hospital market basket update of 3.0 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 2020 of 3.0 percent must be reduced by an MFP adjustment as mandated by Affordable Care Act (currently estimated to be 0.4 percentage point for FY 2020). In effect, the hospice payment update percentage for FY 2020 is 2.6 percent.

The FY 2020 RHC per diem payment rates are the FY 2019 rebased payment rates, reduced by a budget neutrality factor as a result of rebasing of the CHC, IRC, and GIP payment amounts, adjusted by the Service Intensity Add-On (SIA) budget neutrality factor, adjusted by the wage index standardization factor, and increased by the 2.6 percent hospice payment update percentage. The FY 2020 rebased CHC, IRC, and GIP per diem payment rates are equal to the FY 2019 rebased payment rates, adjusted by the wage index standardization factor and increased by the hospice payment update percentage (2.6 percent).

The FY 2020 hospice payment rates are effective for care and services furnished on or after October 1, 2019, through September 30, 2020. The hospice payment rates are discussed further in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

The FY 2020 hospice payment rates are shown in Tables 1 and 2 of the attachment.

Hospice Inpatient and Aggregate Caps

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), we 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 2020 cap year will start on October 1, 2019 and end on September 30, 2020.

For the inpatient cap for the 2020 cap year, we will calculate the percentage of all hospice days that were provided as inpatient days (GIP care and Respite care) from October 1, 2019 through September 30, 2020.

The hospice cap amount for the 2020 cap year is equal to the 2019 cap amount (\$29,205.44) updated by the FY 2020 hospice payment update percentage of 2.6 percent. As such, the 2020 cap amount is \$29,964.78.

Hospice Wage Index

The revised payment rates and wage index will be incorporated in the Hospice Pricer and forwarded to the Medicare contractors. 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>.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

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	
11411.1	Medicare systems shall apply the FY 2020 rates for claims with dates of service on or after October 1, 2019 through September 30, 2020.					X				Hospice Pricer
11411.1.1	Medicare systems shall install the new Hospice Pricer software.					X				Hospice Pricer
11411.1.2	Medicare systems shall use a table of wage index values associated with Core Based Statistical Area (CBSA) codes for purposes of wage adjusting hospice claims.					X				Hospice Pricer
11411.2	Contractors shall calculate hospices' aggregate cap amounts for the 2020 cap year, starting on October 1, 2019 and ending on September 30, 2020, based on the cap amount of \$29,964.78.			X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
11411.3	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the "MLN Matters" listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.			X		

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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

V. CONTACTS

Pre-Implementation Contact(s): Amanda Barnes, 410-786-2310 or amanda.barnes@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 2020 Hospice Payment Rates for Hospices that Submit the Required Quality Data

Code	Description	FY 2020 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$194.50	\$133.64	\$60.86
651	Routine Home Care (days 61+)	\$153.72	\$105.62	\$48.10
652	Continuous Home Care Full Rate = 24 hours of care Hourly rate=\$58.15	\$1,395.63	\$958.94	\$436.69
655	Inpatient Respite Care	\$450.10	\$243.64	\$206.46
656	General Inpatient Care	\$1,021.25	\$653.70	\$367.55

Table 2: FY 2020 Hospice Payment Rates for Hospices that DO NOT Submit the Required Quality Data

Code	Description	FY 2020 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$190.71	\$131.04	\$59.67
651	Routine Home Care (days 61+)	\$150.72	\$103.56	\$47.16
652	Continuous Home Care Full Rate = 24 hours of care Hourly rate=\$57.02	\$1,368.42	\$940.24	\$428.18
655	Inpatient Respite Care	\$441.32	\$238.89	\$202.43
656	General Inpatient Care	\$1,001.35	\$640.96	\$360.39