

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1226	Date: APRIL 20, 2007
	Change Request 5596

Subject: Medicare Program, Correction of Hospice Cap for FYs 2003 and 2004

I. SUMMARY OF CHANGES: An incorrect cap amount had been published for the cap periods ending October 31, 2003 and October 31, 2004. For the cap period ending October 31, 2003, the correct cap amount is \$18,143.26. For the cap period ending October 31, 2004, the correct cap amount is \$18,963.47.

Additional instructions will be issued to the Regional Home Health and Hospice Intermediaries (RHHIs), the fiscal intermediaries (FIs) and the Medicare Administrative Contractors (AB MACS).

New / Revised Material

Effective Date: April 20, 2007

Implementation Date: July 31, 2007

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	

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

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SUBJECT: Medicare Program, Correction of the Hospice Cap for FYs 2003 and 2004

Effective Date: April 20, 2007

Implementation Date: July 31, 2007

I. GENERAL INFORMATION

A. Background:

1814(i)(2)(A) of the Social Security Act (the Act) requires that Medicare payments for hospice services be subjected to an aggregate hospice cap

The hospice cap is updated annually in accordance with §1814(i)(2)(B) of the Act and provides 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. §418.309 42 C.F.R. set the cap year as November 1 until October 31 of the following year.

B. Policy:

As discussed in the Medicare Claims Processing Manual, Pub. 100-04, Chapter 11, Section 80.2.3, the original cap amount of \$6500 per year is increased or decreased for accounting years that end after October 1, 1984, by the same percentage as the percentage of increase or decrease in the medical care expenditure category of the consumer price index for all urban consumers, published by the Bureau of Labor Statistics, from March 1984 to the fifth month of the accounting year. The hospice aggregate cap is applied on the basis of a cap year beginning November 1 and ending the following October 31.

In transmittal number 3977, Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2006, it was noted that the hospice aggregate cap amount for the cap period ending October 31, 2004 published August 4, 2004 was incorrect. Also, in reviewing all published aggregate cap amounts, it was noted that the aggregate cap amount for the cap period ending October 31, 2003 published July 3, 2003 was incorrect.

For the cap period ending **October 31, 2003**, the incorrect amount previously published was \$18,661.29. The **correct** cap amount for that period is **\$18,143.26**. For the cap period ending **October 31, 2004**, the incorrect amount previously published was \$19,635.67. The **correct** amount for that period is **\$18,963.47**.

Regional Home Health and Hospice Intermediaries (RHHI), fiscal intermediaries (FI) and Medicare Administrative Contractors (AB MAC) have been advised to re-compute the aggregate cap for each provider for the cap period ending October 31, 2004 utilizing the corrected cap amount. The revised cap calculations are to be completed and the related demand letters issued by July 31, 2007.

RHHIs, FIs and AB MAC contractors have been advised to re-compute the aggregate cap for the cap period ending October 31, 2003 for those providers whose initial cap determination is within the 3-year reopening period. The date of the cap determination letter is to be used to decide if the cap is within the 3-year reopening period. If a determination letter was not sent, the date the provider submitted its 2003 cap report will be used to decide if the cap determination is within the 3-year reopening period. The revised cap calculations are to be completed and the related demand letters issued by July 31, 2007.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5596.1	Regional Home Health and Hospice Intermediaries (RHHI), fiscal intermediaries (FI) and AB MAC contractors have been advised to re-compute the aggregate cap for each provider for the cap period ending October 31, 2004 utilizing the corrected cap amount. RHHIs, FIs, and AB MACs shall complete the revised cap calculations by July 31, 2007.	X		X			X					
5596.1.1	The RHHIs, FIs, and AB MACs shall issue the related demand letters by July 31, 2007.	X		X			X					
5596.2	RHHIs, FIs and AB MAC contractors have been advised to re-compute the aggregate cap for the cap period ending October 31, 2003 for those providers whose initial cap determination is within the 3-year reopening period. The contractors shall use the date of the cap determination letter to decide if the cap is within the 3-year reopening period.	X		X			X					
5596.2.1	If a determination letter was not sent, the contractors shall use the date the provider submitted its 2003 cap report to decide if the cap determination is within the 3-year reopening period.	X		X			X					
5596.2.2	The contractors shall complete the revised cap calculation by July 31, 2007.	X		X			X					
5596.2.3	The contractors shall issue the related demand letters by July 31, 2007	X		X			X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M E M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5596.3	Contractors shall post this entire instruction, or a direct link to this instruction, on their Web site and include information about it in a listserv message within 1 week of the release of this instruction. In addition, the entire instruction must be included in your next regularly scheduled bulletin. Contractors are free to supplement it with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X			X					

IV. SUPPORTING INFORMATION

N/A

V. CONTACTS

Pre-Implementation Contact(s): Terri Deutsch (Terri.deutsch@cms.hhs.gov) or Katie Lucas (Katherine.lucas@cms.hhs.gov) for policy questions or Tom Noplock (Thomas.noplock@cms.hhs.gov) for overpayment questions.

Post-Implementation Contact(s): RHHIs, FIs and AB MAC contractors

VI. FUNDING

A. For Fiscal Intermediaries:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. For Medicare Administrative Contractors (MAC):

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.