

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1570	Date: August 1, 2008
	Change Request 6155

Subject: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2009

I. SUMMARY OF CHANGES: This transmittal provides the annual update to the hospice payment calculations for FY 2009, and to the hospice aggregate cap amount for the cap period ending October 31, 2008. It also revises the Pricer software to reflect the annual update.

New / Revised Material

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

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:

SECTION A: For Fiscal Intermediaries and Carriers:

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

SECTION B: 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

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1570	Date: August 1, 2008	Change Request: 6155
--------------------	--------------------------	-----------------------------	-----------------------------

SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2009

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

I. GENERAL INFORMATION

A. Background: Payment for hospice care, the hospice aggregate cap amount, and the hospice wage index is updated annually. The law governing the payment for hospice care requires annual updates to the hospice payment rates. Section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) stipulates that the payments for hospice care for fiscal years after 2002 will increase by the market basket percentage increase for the fiscal year (FY). This payment methodology has been codified in regulations found at 42 CFR §418.306(a) and (b).

The **Hospice Aggregate 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. 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.

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. 42 CFR §418.306(c) requires that the updated hospice wage index be published annually in the **Federal Register**.

B. Policy: The annual hospice payment updates will be implemented through the Hospice Pricer software found in the 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 shown below. An updated table will be installed in the module, to reflect the FY 2009 hospice wage index.

FY 2009 Hospice Payment Rates

The FY 2009 payment rates will be the FY 2008 payment rates, increased by 3.6 percentage points, which is the total hospital market basket percentage increase forecasted for FY 2009. The FY 2009 hospice payment rates are effective for care and services furnished on or after October 1, 2008 through September 30, 2009.

Reference to the hospice payment rate is discussed further in the Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$ 139.97	\$ 96.17	\$ 43.80
652	Continuous Home Care Full Rate = 24 hours of care \$34.04= hourly rate	\$ 816.94	\$ 561.32	\$ 255.62
655	Inpatient Respite Care	\$ 144.79	\$ 78.37	\$ 66.42
656	General Inpatient Care	\$ 622.66	\$ 398.56	\$ 224.10

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2008 is \$22,386.15. In computing the cap, we used the medical care expenditure category of the March 2008 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>), which was 363.000. The hospice cap is discussed further in the Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 80.2.

Hospice Wage Index

The Hospice Wage Index final rule will be effective October 1, 2008 and 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 final rule.

II. BUSINESS REQUIREMENTS TABLE

“Shall” denotes a mandatory requirement

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	R H R I	Shared-System Maintainers				Other
						F I S S	M C S	V M S	C W F		
6155.1	RHHIs shall encourage hospice providers to split claims if dates of service span separate fiscal years, e.g., September/October billing.					X					
6155.1.1	RHHIs shall alert hospices that the RHHI will use FY 2008 rates if the hospice chooses not to split the claim and that the RHHI will perform no subsequent adjustments to these claims.					X					
6155.2	Medicare systems shall apply the FY 2009 rates for claims with dates on or after October 1, 2008 through September 30, 2009.									Pricer	
61552.1	Medicare systems shall install the new Hospice Pricer software.						X			Pricer	
6155.3	Medicare systems shall use Core Based Statistical Area (CBSA) codes for purposes of wage index adjustment of hospice claims.					X	X			Pricer	
6155.3.1	Medicare systems shall use a table of wage index values associated with CBSA codes for FY 2009 hospice payment calculations.									Pricer	
6155.4	Contractors shall calculate the cap amount as instructed in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 80.2.3	X		X		X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				Other
							F I S S	M C S	V M S	C W F	
6155.5	<p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>					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):

Policy: Randy Thronset or Katie Lucas

Emails: Randy.Thronset@cms.hhs.gov or Katherine.Lucas@cms.hhs.gov

Claims Processing: Wendy Tucker

Email address: Wendy.Tucker@cms.hhs.gov

Post-Implementation Contact(s):

Appropriate Regional Office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs)*:

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

Section B: 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.