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| <b>CMS Manual System</b>                     | <b>Department of Health &amp; Human Services (DHHS)</b>   |
| <b>Pub 100-04 Medicare Claims Processing</b> | <b>Centers for Medicare &amp; Medicaid Services (CMS)</b> |
| <b>Transmittal 2260</b>                      | <b>Date: July 29, 2011</b>                                |
|  | <b>Change Request 7518</b>                                |

**SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2012**

**I. SUMMARY OF CHANGES:** The purpose of this CR is to update the hospice payment rates, the hospice aggregate cap amount, the hospice wage index, and the hospice Pricer for FY 2012. This Recurring Update applies to Pub 100-04, Chapter 11, section 30.2.

**EFFECTIVE DATE: October 1, 2011**

**IMPLEMENTATION DATE: October 3, 2011**

*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

| <b>R/N/D</b> | <b>CHAPTER / SECTION / SUBSECTION / TITLE</b> |
|--------------|---|
|              | N/A   |

### **III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**

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

**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**

|                    |                          |                            |                             |
|--------------------|--------------------------|----------------------------|-----------------------------|
| <b>Pub. 100-04</b> | <b>Transmittal: 2260</b> | <b>Date: July 29, 2011</b> | <b>Change Request: 7518</b> |
|--------------------|--------------------------|----------------------------|-----------------------------|

**SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2012**

**Effective Date:** October 1, 2011

**Implementation Date:** October 3, 2011

**I. GENERAL INFORMATION**

**A. Background:** Payment rates for hospice care, the hospice aggregate cap amount, and the hospice wage index are 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 payment rates 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, and on August 8, 2008. 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 2012 hospice wage index.

**FY 2012 Hospice Payment Rates**

The FY 2012 payment rates will be the FY 2011 payment rates, increased by **3.0** percentage points, which is the total hospital market basket percentage increase for FY 2012. The FY 2012 hospice payment rates are effective for care and services furnished on or after October 1, 2011, through September 30, 2012.

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

| <b>Code</b> | <b>Description</b> | <b>Rate</b> | <b>Wage<br/>Component<br/>Subject to<br/>Index</b> | <b>Non-<br/>Weighted<br/>Amount</b> |
|-------------|--------------------|-------------|--|-------------------------------------|
| 651         | Routine Home Care  | \$151.03    | \$103.77   | \$47.26                             |



| Number   | Requirement  | Responsibility                 |                                |                        |                                 |                  |                                  |             |             |             |       |
|----------|--|--------------------------------|--------------------------------|------------------------|---------------------------------|------------------|----------------------------------|-------------|-------------|-------------|-------|
|          |  | A<br>/<br>B<br><br>M<br>A<br>C | D<br>M<br>E<br><br>M<br>A<br>C | F<br>I<br><br><br><br> | C<br>A<br>R<br>R<br>I<br>E<br>R | R<br>H<br>H<br>I | Shared-<br>System<br>Maintainers |             |             |             | Other |
|          |  |                                |                                |                        |                                 |                  | F<br>I<br>S<br>S                 | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
|          | associated with CBSA codes for FY 2012 hospice payment calculations.   |                                |                                |                        |                                 |                  |                                  |             |             |             |       |
| 7518.3.2 | Medicare contractors shall ensure that provider files are updated as necessary to reflect the correct CBSA.  | X                              |                                |                        |                                 | X                |                                  |             |             |             |       |
| 7518.4   | Contractors shall calculate the cap amount as instructed in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 80. | X                              |                                | X                      |                                 | X                |                                  |             |             |             |       |

### III. PROVIDER EDUCATION TABLE

| Number | Requirement  | Responsibility                 |                                |                        |                                 |                  |                                  |             |             |             |       |
|--------|--|--------------------------------|--------------------------------|------------------------|---------------------------------|------------------|----------------------------------|-------------|-------------|-------------|-------|
|        |  | A<br>/<br>B<br><br>M<br>A<br>C | D<br>M<br>E<br><br>M<br>A<br>C | F<br>I<br><br><br><br> | C<br>A<br>R<br>R<br>I<br>E<br>R | R<br>H<br>H<br>I | Shared-<br>System<br>Maintainers |             |             |             | Other |
|        |  |                                |                                |                        |                                 |                  | F<br>I<br>S<br>S                 | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 7518.5 | <p>A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> 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                              |                                | X                      |                                 | X                |                                  |             |             |             |       |

### IV. SUPPORTING INFORMATION

#### Section A: Recommendations and supporting information associated with listed requirements:

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
|                          | N/A  |

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

## V. CONTACTS

**Pre-Implementation Contact(s):** Policy: Katie Lucas, [katherine.lucas@cms.hhs.gov](mailto:katherine.lucas@cms.hhs.gov); Claims Processing: Wendy Tucker, [wendy.tucker@cms.hhs.gov](mailto:wendy.tucker@cms.hhs.gov)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

## VI. FUNDING

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

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**Section B: For *Medicare Administrative Contractors (MACs)*:**

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