

<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 2766</b>	<b>Date: August 16, 2013</b>
	<b>Change Request 8416</b>

**SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, Quality Reporting Program and the Hospice Pricer for FY 2014**

**I. SUMMARY OF CHANGES:** To update the hospice payment rates, hospice wage index, and Pricer for FY 2014, and to update the hospice cap amount for the cap year ending October 31, 2013. This Recurring Update applies to Pub 100-04, Medicare Claims Processing Manual, Chapter 11, section 30.2.

**EFFECTIVE DATE: October 1, 2013**

**IMPLEMENTATION DATE: October 7, 2013**

*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.*

<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; Contractors activities are to be carried out with 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 obliged 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: 2766	Date: August 16, 2013	Change Request: 8416
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## **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 as discussed in hospice rulemaking. 42 CFR §418.306(c) requires that the updated hospice wage index be published annually. The August 6, 2009 FY 2010 Hospice Wage Index final rule finalized a provision to phase out the BNAF over 7 years, with a 10 percent reduction in the BNAF in FY 2010, and an additional 15 percent reduction in each of the next 6 years, with complete phase out in FY 2016.

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 Secretary shall reduce the market basket update by 2 percentage points for any hospice that does not comply with the quality data submission requirements with respect to that FY.

**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 2014 hospice wage index.

### **FY 2014 Hospice Payment Rates**

The FY 2014 payment rates will be the FY 2013 payment rates, increased by 1.7 percent, which is the final hospital market basket update for FY 2014 (2.5 percent) less a productivity adjustment of 0.5 percentage point, less 0.3 percentage point. The FY 2014 hospice payment rates are effective for care and services furnished on or after October 1, 2013, through September 30, 2014.

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.

(See Table 1 attached: "Table 1: FY 2014 Hospice Payment Rates Updated by the estimated Hospice Payment Update Percentage")

**FY 2014 for Hospices That DO NOT Submit the Required Quality Data**

Beginning in FY 2014, hospices which fail to report quality data will have their market basket update reduced by 2 percentage points.

(See Table 2 attached: "Hospice Payment Update Percentage for Hospices That DO NOT Submit the Required Quality Data")

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2013, is \$26,157.50. In computing the cap, CMS used the medical care expenditure category of the March 2013 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>), which was 424.154. The hospice cap is discussed further in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, Section 80.2.

Hospice Wage Index

The FY 2014 Hospice Wage Index final rule will be effective October 1, 2013, 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, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility										
		A/B MAC		D M E M A C	F I R E R	C A R I E R	R H I E R	Shared- System Maintainers				Other
		A	B					H H H	F I S S	M C S	V M S	
8416.1	Medicare systems shall apply the FY 2014 rates for claims with dates of service on or after October 1, 2013 through September 30, 2014.  Other: Hospice Pricer							X				
8416.1.1	Medicare systems shall install the new Hospice Pricer software.  Other: Hospice Pricer							X				
8416.2	Medicare systems shall use Core Based Statistical Area (CBSA) codes for purposes of wage index adjustment of hospice claims.  Medicare systems shall also use a table of wage index values associated with CBSA codes for FY 2014 hospice payment calculation.  Other: Hospice Pricer required			X			X	X				

Number	Requirement	Responsibility											
		A/B MAC			D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
8416.2.1	Medicare contractors shall ensure that provider files are updated as necessary to reflect the correct CBSA.			X				X					
8416.3	If a hospice is identified as failing to meet the quality reporting requirements the Contractor shall ensure the Quality Indicator in the Outpatient Provider Specific File is updated to 1 to reflect the 2 percent payment reduction to the market basket.  <b>NOTE:</b> The OPSF Quality Indicator remains blank for Hospices not subject to the quality reporting reduction.			X				X					
8416.4	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					

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility											
		A/B MAC			D M E	F I	C A R R I E R	R H I	Other				
		A	B	H H H					F I S S	M C S	V M S	C W F	
8416.5	MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites 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 the contractor's 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			X				X					

Number	Requirement	Responsibility							
		A/B MAC			D M E	F I	C A R R I E R	R H H I	Other
		A	B	H H H	M A C				
	Medicare program correctly.								

#### IV. SUPPORTING INFORMATION

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

*"Should" denotes a recommendation.*

X-Ref Requirement	Recommendations or other supporting information:

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

#### V. CONTACTS

**Pre-Implementation Contact(s):** Anjana Patel, 410-786-2120 or [anjana.patel@cms.hhs.gov](mailto:anjana.patel@cms.hhs.gov)

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

#### VI. FUNDING

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

No additional funding will be provided by CMS; Contractors activities are to be carried out with 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 do 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.

**ATTACHMENT: 1**

**Table 1: FY 2014 Hospice Payment Rates Updated by the estimated Hospice Payment Update Percentage**

Code	Description	FY 2013 Payment Rates	Multiply by the FY 2014 final hospice payment update of 1.7 percent	FY 2014 final Payment Rate	Labor Share of the final payment rate	Non-Labor share of the final payment rate
651	Routine Home Care	\$153.45	x1.017	\$156.06	\$107.23	\$48.83
652	Continuous Home Care Full Rate = 24 hours of care \$=37.95 hourly rate	\$895.56	x1.017	\$910.78	\$625.80	\$284.98
655	Inpatient Respite Care	\$158.72	x1.017	\$161.42	\$87.38	\$74.04
656	General Inpatient Care	\$682.59	x1.017	\$694.19	\$444.35	\$249.84

**Table 2: Hospice Payment Update Percentage for Hospices That DO NOT Submit the Required Quality Data**

Code	Description	FY 2013 Payment Rates	Multiply by the FY 2014 hospice payment update percentage of 1.7 percent minus 2 percentage points (-0.2)	FY 2014 Payment Rate	Labor Share of the final payment rate	Non-Labor share of the final payment rate
651	Routine Home care	\$153.45	x0.997	\$152.99	\$105.12	\$47.87
652	Continuous Home Care Full Rate= 24 hours of care \$=37.20 hourly rate	\$895.56	x0.997	\$892.87	\$613.49	\$279.38
655	Inpatient Respite Care	\$158.72	x0.997	\$158.24	\$85.66	\$72.58
656	General Inpatient Care	\$682.59	x0.997	\$680.54	\$435.61	\$244.93