

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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## Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for Fiscal Year (FY) 2016

**Note:** This article was revised on August 29, 2017, to add a reference to MLN Matters Article [SE17014](#). SE17014 corrects two errors with regards to hospice payments by Medicare that could result in overpayments. It also provides hospices with a workaround to deploy when submitting certain claims to ensure proper payment. All other information remains the same.

### Provider Types Affected

This MLN Matters® Article is intended for physicians and providers submitting claims to Medicare Administrative Contractors (MACs), including Home Health & Hospice (HH&H) MACs for services provided to Medicare beneficiaries.

### Provider Action Needed

Change Request (CR) 9301 informs MACs about changes that update the hospice payment rates, hospice wage index and Pricer software for FY 2016. The CR also updates the hospice cap amount for the cap year ending October 31, 2015. Make sure your billing staffs are aware of these changes.

### Background

The law governing the payment rates for hospice care, the hospice aggregate cap amount, and the hospice wage index requires that these rates are updated annually. Section 18149(i)(1)(C)(ii) of the Social Security Act (the Act) stipulates that the

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payment rates for hospice care for FYs after 2002 will increase by the market basket percentage increase for the FY.

Therefore, the FY 2016 payment rates will be increased by 1.6 percent. The 1.6 percent hospice payment update is equivalent to the FY 2016 hospital market basket update (2.4 percent) less a productivity adjustment of 0.5 percentage point, less a 0.3 percentage point. The productivity adjustment and 0.3 percentage point reduction are both mandated by Section 3401(g) of the Affordable Care Act. Beginning in FY 2014, the payment rates for hospices which fail to report the required quality data are updated by the hospice payment update minus 2 percentage points.

### **FY 2016 Hospice Payment Rates**

Between October 1, 2015, and December 31, 2015, hospices will continue to be paid a single routine home care (RHC) per diem payment amount when routine home care is furnished. Effective January 1, 2016, two separate payment rates will replace the single RHC rate:

- 1) A higher RHC rate for days 1 through 60; and
- 2) A lower RHC rate for days 61 and beyond.

For hospice patients who are discharged and readmitted to hospice within 60 days of that discharge, a patient's prior hospice days would continue to follow the patient and count toward his or her patient days for the new hospice election. The hospice days would continue to follow the patient solely to determine whether the receiving hospice would receive payment at the day 1 through 60 RHC rate or day 61 and beyond RHC rate.

CMS will calculate the patient's episode day count based on the total number of days the patient has been receiving hospice care, separated by no more than a 60 day gap in hospice care, regardless of level of care or whether those days were billable or not. This calculation includes hospice days that occurred prior to January 1, 2016.

Effective January 1, 2016, hospices will receive a SIA payment on RHC days when direct patient care is provided by a Registered Nurse (RN) or social worker during the last seven days of the patient's life. The SIA payment will be made in addition to the per diem rate for the RHC level of care. It will equal the Continuous Home Care (CHC) hourly rate multiplied by the hours of nursing/social work service (for at least 15 minutes and up to 4 hours total), that occurred on RHC days during the last seven days of life. (For more information regarding the SIA payment policy, please refer to MLN Matters® Article [MM9201](#)).

The FY 2016 hospice payment rates are effective for care and services furnished on or after October 1, 2015, through September 30, 2016. The hospice payment rates are discussed further in the "Medicare Claims Processing Manual," [Chapter 11](#) (Processing Hospice Claims), Section 30.2 (Payment Rates). The updated payment rates are shown in following tables and in the attachment to CR9301.

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**Table 1: FY 2016 Hospice Payment Rate for RHC for October 1, 2015, through December 31, 2015**

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care	\$161.89	\$111.23	\$50.66

**Table 2: FY 2016 Hospice Payment Rates for RHC for January 1, 2016, through September 30, 2016**

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$186.84	\$128.38	\$58.46
651	Routine Home Care (days 61+)	\$146.83	\$100.89	\$45.94

**Table 3: FY 2016 Hospice Payment Rates for CHC, Inpatient Respite Care IRC, and General Inpatient (GIP) Care**

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
652	Continuous Home Care Full Rate= 24 hours of care \$=39.37 hourly rate	\$944.79	\$649.17	\$295.62
655	Inpatient Respite Care	\$167.45	\$90.64	\$76.81
656	General Inpatient Care	\$720.11	\$460.94	\$259.17

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Beginning in FY 2014, hospices which fail to report quality data will have their market basket update reduced by two percentage points. Tables 4, 5, and 6 display the rates for these hospices.

**Table 4: FY 2016 Hospice Payment Rate for RHC for October 1, 2015, through December 31, 2015, for Hospices That DO NOT Submit the Required Quality Data**

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care	\$158.70	\$109.04	\$49.66

**Table 5: FY 2016 Hospice Payment Rates for RHC for January 1, 2016, through September 30, 2016, for Hospices That DO NOT Submit the Required Quality Data**

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$183.17	\$125.86	\$57.31
651	Routine Home Care (days 61+)	\$143.94	\$98.90	\$45.04

**Table 6: FY 2016 Hospice Payment Rates for CHC, IRC, and GIP for Hospices That DO NOT Submit the Required Quality Data**

Code	Description	FY 2016 Payment Rate	Labor Share	Non-Labor Share
652	Continuous Home Care Full Rate= 24 hours of care \$=38.59 hourly rate	\$926.19	\$636.39	\$289.80
655	Inpatient Respite Care	\$164.15	\$88.85	\$75.30
656	General Inpatient Care	\$705.93	\$451.87	\$254.06

### **Hospice Cap**

The hospice aggregate cap amount for the 2015 cap year ending October 31, 2015, is \$27,382.63. In computing the cap, CMS used the medical care expenditure category of the March 2015 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>), which was 444.020.

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### Hospice Wage Index

On February 28, 2013, the Office of Management and Budget (OMB) issued [OMB Bulletin No. 13-01](#), announcing revisions to the delineation of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combines Statistical Areas, and guidance on uses of the delineation in these areas. These revisions will be incorporated into the hospice wage index for FY 2016. In order to provide a transition to the revised geographic area delineations, CMS will use a blended wage index for hospice payments for one year (FY 2016). The transition wage index is a 50/50 blend of the wage index values using OMB's old area delineations and the wage index values using OMB's new area delineations.

That is, for each county, a blended wage index is calculated equal to fifty percent of the FY 2016 wage index using the old labor market area delineation and fifty percent of the FY 2016 wage index using the new labor market area delineation. This results in an average of the two values. The hospice floor calculation is applied to the wage index values prior to blending.

Because of how the transition wage index is calculated, some Core Based Statistical Areas (CBSAs) and statewide rural areas will have more than one transition wage index value associated with that CBSA or rural area. However, each county will have only one transition wage index. For counties located in CBSAs and rural areas that correspond to more than one transition wage index value, the CBSA number will not be able to be used for FY 2016 claims. These CBSA numbers are listed in Table 7, which follows.

**Table 7: List of CBSA codes that are invalid for Hospice for FY 2016 because of the wage index transition (these areas need to use 50xxx codes)**

CBSA Code	CBSA Name
10380	Aguadilla-Isabela, PR
11100	Amarillo, TX
12060	Atlanta-Sandy Springs-Roswell, GA
12260	Augusta-Richmond County, GA-SC
13140	Beaumont-Port Arthur, TX
13740	Billings, MT
13980	Blacksburg-Christiansburg-Radford, VA
14010	Bloomington, IL
14540	Bowling Green, KY
15764	Cambridge-Newton-Framingham, MA
16740	Charlotte-Concord-Gastonia, NC-SC
16820	Charlottesville, VA
17140	Cincinnati, OH-KY-IN
18140	Columbus, OH

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CBSA Code	CBSA Name
18880	Crestview-Fort Walton Beach-Destin, FL
19660	Deltona-Daytona Beach-Ormond Beach, FL
20524	Dutchess County-Putnam County, NY
21060	Elizabethtown-Fort Knox, KY
21340	El Paso, TX
23104	Fort Worth-Arlington, TX
24340	Grand Rapids-Wyoming, MI
24860	Greenville-Anderson-Mauldin, SC
25060	Gulfport-Biloxi-Pascagoula, MS
26580	Huntington-Ashland, WV-KY-OH
26820	Idaho Falls, ID
26900	Indianapolis-Carmel-Anderson, IN
29180	Lafayette, LA
31140	Louisville/Jefferson County, KY-IN
31180	Lubbock, TX
31540	Madison, WI
32820	Memphis, TN-MS-AR
33260	Midland, TX
33460	Minneapolis-St. Paul-Bloomington, MN-WI
34820	Myrtle Beach-Conway-North Myrtle Beach, SC-NC
34980	Nashville-Davidson--Murfreeseboro--Franklin, TN
35084	Newark, NJ-PA
35380	New Orleans-Metairie, LA
35614	New York-Jersey City-White Plains, NY-NJ
36260	Ogden-Clearfield, UT
37460	Panama City, FL
38660	Ponce, PR
39660	Rapid City, SD
40340	Rochester, MN
40380	Rochester, NY

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CBSA Code	CBSA Name
41540	Salisbury, MD-DE
41980	San Juan-Carolina-Caguas, PR
43340	Shreveport-Bossier City, LA
43580	Sioux City, IA-NE-SD
43900	Spartanburg, SC
44060	Spokane-Spokane Valley, WA
46220	Tuscaloosa, AL
47260	Virginia Beach-Norfolk-Newport News, VA-NC
47380	Waco, TX
47894	Washington-Arlington-Alexandria, DC-VA-MD-WV
48620	Wichita, KS
49180	Winston-Salem, NC
49340	Worcester, MA-CT
99901	Alabama
99913	Idaho
99915	Indiana
99917	Kansas
99918	Kentucky
99922	Massachusetts
99923	Michigan
99925	Mississippi
99926	Missouri
99934	North Carolina
99936	Ohio
99945	Texas
99946	Utah
99949	Virginia
99951	West Virginia

In these cases, a number other than the CBSA number will be needed to identify the appropriate wage index value for claims for hospice care provided in FY 2016. These

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numbers are five digits in length and begin with “50”. These special 50xxx codes are shown in the last column of the [FY 2016 hospice wage index file](#).

For counties located in CBSAs and rural areas that still correspond to only one wage index value, the CBSA number will still be used.

### Additional Information

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The official instruction, CR9301, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3345CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

### DOCUMENT HISTORY

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Date of Change	Description
August 29, 2017	Article revised to add a reference to <a href="#">SE17014</a> which corrects two errors with regards to hospice payments by Medicare that could result in overpayments and provides hospices with a workaround to deploy when submitting certain claims to ensure proper payment.
September 8, 2015	Initial article released

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