



Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2020

MLN Matters Number: MM11411

Related Change Request (CR) Number: 11411

Related CR Release Date: August 16, 2019

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Related CR Transmittal Number: R4363CP

Implementation Date: October 7, 2019

PROVIDER TYPE 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 hospice services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

Change Request (CR) 11411 updates the hospice payment rates, hospice wage index, and Pricer for Fiscal Year (FY) 2020. CR 11411 also updates the FY 2020 hospice aggregate cap amount. Make sure that your billing staffs are aware of these changes.

BACKGROUND

Medicare updates the payment rates for hospice care, the hospice cap amount, and the hospice wage index annually. Section 1814(i)(1)(C)(ii)(VII) of the Social Security Act ("the Act") requires the Centers for Medicare & Medicaid Services (CMS) to use the inpatient hospital market basket, adjusted for Multifactor Productivity (MFP) and other adjustments, as specified in the Act, to determine the hospice payment update percentage.

CMS updates the hospice cap amount annually in accordance with Section 1814(i)(2)(B) of the Act and provides for an increase (or decrease) in the hospice cap amount. For accounting years that end after September 30, 2016 and before October 1, 2025, the hospice cap is updated by the hospice payment update percentage. CMS uses the hospice wage index to adjust payment rates to reflect local differences in wages. CMS updates the hospice wage index annually as discussed in hospice rulemaking.

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 reporting requirements with respect to that FY.

The hospice payment update percentage for FY 2020 is based on the estimated inpatient hospital market basket update of 3.0 percent. Due to the requirements at Sections 1886(b)(3)(B)(xi)(II) and 1814(i)(1)(C)(v) of the Act, the inpatient hospital market basket update for FY 2020 of 3.0 percent must be reduced by an MFP adjustment as mandated by Affordable Care Act (currently estimated to be 0.4 percentage point for FY 2020). In effect, the hospice payment update percentage for FY 2020 is 2.6 percent.

The FY 2020 RHC per diem payment rates are the FY 2019 rebased payment rates, reduced by a budget neutrality factor as a result of rebasing of the Continuous Home Care (CHC), Inpatient Respite Care (IRC), and General Inpatient Care (GIP) payment amounts, adjusted by the Service Intensity Add-On (SIA) budget neutrality factor, adjusted by the wage index standardization factor, and increased by the 2.6 percent hospice payment update percentage. The FY 2020 rebased CHC, IRC, and GIP per diem payment rates are equal to the FY 2019 rebased payment rates, adjusted by the wage index standardization factor and increased by the hospice payment update percentage (2.6 percent).

The FY 2020 hospice payment rates are effective for care and services furnished on or after October 1, 2019, through September 30, 2020. See the Medicare Claims Processing Manual, [Chapter 11](#), Processing Hospice Claims, Section 30.2 for more information on hospice payment rates. The FY 2020 hospice payment rates are shown in Tables 1 and 2 below.

Table 1: FY 2020 Hospice Payment Rates for Hospices that Submit the Required Quality Data

Code	Description	FY 2020 Payment Rate	Labor Share	Non-Labor Share
651	RHC (days 1-60)	\$194.50	\$133.64	\$60.86
651	RHC (days 61+)	\$153.72	\$105.62	\$48.10
652	CHC - Full Rate = 24 hours of care - Hourly rate=\$58.15	\$1,395.63	\$958.94	\$436.69
655	IRC	\$450.10	\$243.64	\$206.46
656	GIC	\$1,021.25	\$653.70	\$367.55

Table 2: FY 2020 Hospice Payment Rates for Hospices that DO NOT Submit the Required Quality Data

Code	Description	FY 2020 Payment Rate	Labor Share	Non-Labor Share
651	RHC (days 1-60)	\$190.71	\$131.04	\$59.67
651	RHC (days 61+)	\$150.72	\$103.56	\$47.16
652	CHC Full Rate = 24 hours of care Hourly rate=\$57.02	\$1,368.42	\$940.24	\$428.18
655	IRC	\$441.32	\$238.89	\$202.43
656	GIC	\$1,001.35	\$640.96	\$360.39

Hospice Inpatient and Aggregate Caps

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), CMS finalized aligning the cap accounting year, for both the inpatient cap and the hospice aggregate cap, with the federal FY beginning in 2017. Therefore, the 2020 cap year will start on October 1, 2019, and end on September 30, 2020.

For the inpatient cap for the 2020 cap year, CMS will calculate the percentage of all hospice days that were provided as inpatient days (GIP care and Respite care) from October 1, 2019, through September 30, 2020.

The hospice cap amount for the 2020 cap year is equal to the 2019 cap amount (\$29,205.44) updated by the FY 2020 hospice payment update percentage of 2.6 percent. As such, the 2020 cap amount is \$29,964.78.

Hospice Wage Index

The revised payment rates and wage index will be incorporated in the Hospice Pricer and sent to MACs. The wage index is not published in the Federal Register but is available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

ADDITIONAL INFORMATION

The official instruction, CR11411, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R4363CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
August 20, 2019	Initial article released.

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