CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2004	**Date: July 23, 2010**
	Change Request 7077

SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2011.

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 2011. This Recurring Update applies to Pub 100-04, Chapter 11, section 30.2.

EFFECTIVE DATE: October 1, 2010
IMPLEMENTATION DATE: October 4, 2010

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.

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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:
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.*

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Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 2004	Date: July 23, 2010	Change Request: 7077

SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2011

EFFECTIVE DATE: October 1, 2010

IMPLEMENTATION DATE: October 4, 2010

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.

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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 2011 hospice wage index.

<u>FY 2010 Hospice Payment Rates</u>

The FY 2011 payment rates will be the FY 2010 payment rates, increased by 2.6 percentage points, which is the total hospital market basket percentage increase for FY 2011. The FY 2011 hospice payment rates are effective for care and services furnished on or after October 1, 2010 through September 30, 2011.

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	$146.63	$100.75	$ 45.88
652	Continuous Home Care Full Rate = 24 hours of care $35.66= hourly rate	$855.79	$588.01	$267.78
655	Inpatient Respite Care	$151.67	$ 82.10	$ 69.57
656	General Inpatient Care	$652.27	$417.52	$234.75

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2010 is **$23,874.98**. In computing the cap, we used the medical care expenditure category of the March 2010 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (**http://www.bls.gov/cpi/home.htm**), which was 387.142. 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 notice with comment period will be effective October 1, 2010 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.

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II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7077.1	Medicare Contractors shall encourage hospice providers to split claims if dates of service span separate fiscal years, e.g., September/October billing.	X				X					
7077.1.1	Medicare Contractors shall alert hospices that the FY 2010 rates will be used if the hospice chooses not to split the claim and that the Contractor will perform no subsequent adjustments to these claims.	X				X					
7077.2	Medicare systems shall apply the FY 2011 rates for claims with dates of service on or after October 1, 2010						X				Pricer

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	through September 30, 2011.										
7077.2.1	Medicare systems shall install the new Hospice Pricer software.						X				Pricer
7077.3	Medicare systems shall use Core Based Statistical Area (CBSA) codes for purposes of wage index adjustment of hospice claims.	X				X	X				Pricer
7077.3.1	Medicare systems shall use a table of wage index values associated with CBSA codes for FY 2011 hospice payment calculations.										Pricer
7077.3.2	Medicare contractors shall ensure that provider files are updated as necessary to reflect the correct CBSA.	X				X					
7077.4	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					

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III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7077.5	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. 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	X		X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	would benefit their provider community in billing and administering the Medicare program correctly.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

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V. CONTACTS

Pre-Implementation Contact(s):

Policy: Randy Throndset or Katie Lucas
Emails: Randy.Throndset@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), 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.

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

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