

# Issue Brief

FEDERAL ISSUE BRIEF • August 1, 2016

## KEY POINTS

- Hospices would see a 2.1 percent increase in their payments for fiscal year 2017 (reflecting an estimated 2.7 percent inpatient hospital marketbasket update, reduced by a 0.3 percent productivity adjustment and a 0.3 percent adjustment required by law.)
- Changes represent a total increase of approximately \$350 million.

## CMS Issues Final FY 2017 Hospice Update

The Centers for Medicare and Medicaid Services has issued a final rule to update hospice payment rates for fiscal year 2017.

The rule is scheduled for publication in the Federal Register on August 5. A copy is currently available at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-18221.pdf>. This link will change upon publication.

Hospices will receive a 2.1 percent increase in their payments for FY 2017 (reflecting an estimated 2.7 percent inpatient hospital marketbasket update, reduced by a 0.3 percentage point productivity adjustment and a 0.3 percentage point adjustment both required by the Affordable Care Act. The changes will result in \$350 in additional payments.

The hospice cap amount for the 2017 cap year will be \$28,404.99, which is equal to the 2016 cap amount (\$27,820.75) updated by the FY 2017 hospice payment update percentage of 2.1 percent.

In addition, the rule finalizes changes to the hospice quality reporting program, including the addition of two new quality measures. The final rule also describes a potential future enhanced data collection instrument, as well as plans

to publicly display quality measures and other hospice data beginning in calendar year 2017.

## COMMENT

There is still much, too much, history and redundancy in the rule. Some of it points to the reasons for the explosive growth in hospice services and payments with discussions on hospice utilization and provider behavior. This material coupled with a significant portion that addresses development and ongoing research of hospice payment reform points to changes in hospice coverage, services and payments. Of course, any such changes will most likely require legislative actions.

CMS has provided several "Final Action" sections to help the reader. Most are too simple and cryptic to truly account for changes being made. Nonetheless, it is a good start to improve rules.

## FY 2017 HOSPICE RATE UPDATE

The FY 2017, the hospice wage index will be based on the FY 2016 hospital pre-floor, pre-reclassified wage index. Addendum A and Addendum B that include the FY 2017 wage index values for rural and urban areas are available online at:

<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

4712 Country Club Drive  
Jefferson City, MO 65109

P.O. Box 60  
Jefferson City, MO 65102

573/893-3700  
[www.mhanef.com](http://www.mhanef.com)



continued

Pre-floor, pre-reclassified hospital wage index values below 0.8 are adjusted by a 15 percent increase subject to a maximum wage index value of 0.8. For example, if County A has a pre-floor, pre-reclassified hospital wage index value of 0.3994, CMS would multiply 0.3994 by 1.15, which equals 0.4593. Since 0.4593 is not greater than 0.8, then County A's hospice wage index would be 0.4593. In another example, if County B has a pre-floor, pre-reclassified hospital wage index value of 0.7440, CMS would multiply 0.7440 by 1.15 which equals 0.8556. Because 0.8556 is greater than 0.8, County B's hospice wage index would be 0.8.

## FY 2017 HOSPICE PAYMENT RATES

For FY 2017, the budget neutrality adjustment that applies to days one through 60 is calculated to be 1.0000. The budget neutrality adjustment that applies to days 61 and beyond is calculated to be 0.9999.

Currently, the labor portions of the hospice payment rates are as follows: for routine home care, 68.71 percent; for continuous home care, 68.71 percent; for general inpatient care, 64.01 percent; and for respite care, 54.13 percent. The non-labor portions of the payment rates are as follows: for routine home care, 31.29 percent; for continuous home care, 31.29 percent; for general inpatient care, 35.99 percent; and for respite care, 45.87 percent.

There are four payment categories that are distinguished by the location and intensity of the services provided. The base payments are adjusted for geographic differences in wages by multiplying the labor share, which varies by category, of each base rate by the applicable hospice wage index.

FY 2017 Hospice Payment Rates for RHC						
Code	Description	FY 2016 Payment Rates	Service Intensity Add-on Budget Neutrality Factor	Wage Index Standardization Factor	FY 2017 Hospice Payment Update Percentage	FY 2017 Payment Rates
651	Routine Home Care (days 1-60)	\$186.84	X 1.0000	0.9989	X 1.021	\$190.55
651	Routine Home Care (days 61+)	\$146.83	X 0.9999	0.9995	X 1.021	\$149.82

FY 2017 Hospice Payment Rates for CHC, IRC and GIP					
Code	Description	FY 2016 Payment Rates	Wage Index Standardization Factor	FY 2017 Hospice Payment Update of 2.1 Percent	FY 2017 Payment Rates
652	Continuous Home Care Full Rate= 24 hours of care \$40.19 =FY 2017 hourly rate	\$944.79	X 1.000	X 1.021	\$964.63
655	Inpatient Respite Care	\$167.45	X1.000	X 1.021	\$170.97
656	General Inpatient Care	\$720.11	X0.9996	X 1.021	\$734.94

**FY 2017 Hospice RHC Payment Rates for Hospices That DO NOT Submit the Required Quality Data**

Code	Description	FY 2016 Payment Rates	Service Intensity Add-on Budget Neutrality Factor	Wage Index Standardization Factor	FY 2017 Hospice Payment Update Percentage Minus 2 Percentage Points=0.1%	FY 2017 Payment Rates
651	Routine Home Care (days 1-60)	\$186.84	X 1.0000	0.9989	X 1.001	\$186.82
651	Routine Home Care (days 61+)	\$146.83	X 0.9999	0.9995	X 1.001	\$146.89

**FY 2017 Hospice CHC, IRC and GIP Payment Rates for Hospices that DO NOT Submit the Required Quality Data**

Code	Description	FY 2016 Payment Rates	Wage Index Standardization Factor	FY 2017 hospice Payment Update Percentage Minus 2 Percentage Points=0.1%	FY 2017 Payment Rates
652	Continuous Home Care Full Rate=24 hours of care \$39.41=FY 2017 hourly rate	\$944.79	X 1.000	X 1.001	\$945.73
655	Inpatient Respite Care	\$167.45	X1.000	X 1.001	\$167.62
656	General Inpatient Care	\$720.11	X0.9996	X 1.001	\$720.54

**UPDATES TO THE HOSPICE QUALITY REPORTING PROGRAM**

**New Quality Measures for the FY 2019 Payment Determination and Subsequent Years**

CMS is adopting two new quality measures for FY 2019. The first, Hospice Visits When Death is Imminent, is a measure that will assess hospice staff visits to patients and caregivers in the last week of life. The second, Hospice and Palliative Care Composite Process Measure, will assess the percentage of hospice patients who received care processes consistent with guidelines. This measure will be based on select measures from the seven that are currently being submitted under the Hospice QRP (Pain Screening, Pain Assessment, Dyspnea Treatment, Patients Treated with an Opioid who are given a Bowel Regimen, and Treatment Preferences & Beliefs/ Values Addressed if desired by patient).

Both measures become effective April 1, 2017.

## **Hospice CAHPS® Participation Requirements for the 2019 APU and 2020 APU**

The Hospice CAHPS Survey consists of 47 questions, some of which only are asked when the patient received services in a specific setting.

The rule outlines participation requirements for the FY 2019 and FY 2020 annual payment updates.

- To meet the HQRP requirements for the FY 2018 payment determination, hospices would collect survey data on a monthly basis for the months of Jan. 1, 2016, through Dec. 31, 2016, to qualify for the full annual payment update.
- To meet the HQRP requirements for the FY 2019 payment determination, hospices would collect survey data on a monthly basis for the months of Jan. 1, 2017, through Dec. 31, 2017, to qualify for the full APU.
- To meet the HQRP requirements for the FY 2020 payment determination, hospices would collect survey data on a monthly basis for the months of Jan. 1, 2018, through Dec. 31, 2018, to qualify for the full APU.

## **Public Display of Quality Measures and other Hospice Data for the HQRP**

CMS expects to begin public reporting hospice quality measures through a compare site in CY 2017. CMS began posting hospice demographic data on a public use file at <https://data.medicare.gov> on June 14, 2016.

## **COMMENT**

Once again, the issue of quality dominates a PPS rule. CMS spends more than 70 pages explaining, responding to comments and trying to discern its actions. This may sound cynical, but if CMS stopped saying “thanks and we appreciate” to comments that agree with the agency and just focus on the issue, it could save much unneeded wordiness.

## **The Medicare Care Choices Model**

The Medicare Care Choices Model offers a new option for Medicare beneficiaries with certain advanced diseases who meet the model’s other eligibility criteria to receive hospice-like support services from MCCM participating hospices while receiving care from other Medicare providers for their terminal illness. This five-year model is being tested to encourage greater and earlier use of the Medicare and Medicaid hospice benefit to determine whether it can improve the quality of life and care received by Medicare beneficiaries, increase beneficiary, family, and caregiver satisfaction, and reduce Medicare or Medicaid expenditures.

Participation in the model will be limited to Medicare and dual-eligible beneficiaries with advanced cancers, chronic obstructive pulmonary disease, congestive heart failure, and human immunodeficiency virus/acquired immune deficiency syndrome who qualify for the Medicare or Medicaid hospice benefit and meet the eligibility requirements of the model. The model includes more than 130 hospices from 39 states across the country and is projected to serve 100,000 beneficiaries by 2020.

*Analysis provided for MHA  
by Larry Goldberg,  
Goldberg Consulting*