

# Issue Brief

FEDERAL ISSUE BRIEF



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## **CMS Posts Proposed FY 2024 Hospice Wage Index and Payment Rate Update**

The Centers for Medicare & Medicaid Services (CMS) have issued a proposed rule updating the hospice payment rates, wage index and aggregate cap amount for Fiscal Year (FY) 2024.

In addition, the rule includes information on hospice utilization and spending trends and solicits comments regarding those trends and ways to examine health equity under the hospice benefit. The rule also proposes text changes to regulations that align with the anticipated expiration of the COVID-19 PHE. Further, the proposal discusses updates to the Hospice Quality Reporting Program (HQRP) and the further development of the Hospice Outcomes and Patient Evaluation (HOPE) tool with national beta test analyses; and discusses updates on Health Equity and future quality measures (QMs). It also provides updates on the Consumer Assessment of Healthcare Providers and Systems (CAHPS) Hospice Survey Mode Experiment. This rule includes a proposal to codify hospice data submission thresholds and discusses updates to hospice survey and enforcement procedures. In addition, this rule proposes provider enrollment requirements for ordering/certifying physicians for hospice services.

A copy of the 97-page rule is at: <https://public-inspection.federalregister.gov/2023-06769.pdf>. Publication is scheduled for April 4, 2023, and of course, this link will change upon publication. A comment period ending May 30 is provided.

### **Comment**

CMS estimates that the aggregate impact of the payment provisions in this rule would result in an estimated increase of \$720 million in payments to hospices, resulting from a hospice payment update percentage of 2.8 percent.

As required by OMB, CMS provides the following table to explain the changes in overall payments to hospices.

<b>Category</b>	<b>Transfers</b>
Annualized Monetized Transfers	\$720 million*
From Whom to Whom?	Federal Government to Medicare Hospices
<b>Category</b>	<b>Costs</b>
Annualized Monetized Costs Associated with Changes in APU Reductions due to Data Submission Requirements	\$26.5 million**

### **Provisions of the Rule (Page 18)**



**A. Hospice Utilization and Spending Patterns (Page 18)**

CMS notes that the number of Medicare beneficiaries receiving hospice services has grown from 715,349 in Federal FY 2003 to over 1.7 million in FY 2022. Medicare hospice expenditures have risen from \$5 billion in FY 2003 to approximately \$23 billion in FY 2022. CMS' Office of the Actuary expects aggregate hospice expenditures will continue to increase by approximately 9.1 percent annually.

**Comment**

This section extends more than 20 pages and contains numerous statistics regarding Hospice utilization factors.

**B. Proposed Routine FY 2024 Hospice Wage Index and Rate Update (Page 41)**

CMS is proposing to: (1) update hospice payments using the methodology outlined and apply the 2018-based IPPS market basket update for FY 2024 of 3.0 percent, reduced by the statutorily required productivity adjustment of 0.2 percentage point (**for a net change of 2.8 percent**), along with the wage index budget neutrality adjustment to update the payment rates; and (2) use the FY 2024 hospice wage index which uses the FY 2024 pre-floor, pre-reclassified IPPS hospital wage index as its basis.

For FY 2024, the proposed hospice wage index would be based on the FY 2024 hospital pre-floor, pre-reclassified wage index for hospital cost reporting periods beginning on or after October 1, 2019 and before October 1, 2020 (FY 2020 cost report data). The proposed FY 2024 hospice wage index would include a 5-percent cap on wage index decreases.

The proposed hospice wage index applicable for FY 2024 (October 1, 2023 through September 30, 2024) is available on the CMS website at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html>.

**Labor Share (Page 47)**

**Current Labor Shares by Level of Care**

	<b>Labor Share</b>	<b>Non-Labor Share</b>
<b>Routine Home Care</b>	66.0 Percent	34.0 Percent
<b>Continuous Home Care</b>	75.2 Percent	24.8 Percent
<b>Inpatient Respite Care</b>	61.0 Percent	39.0 Percent
<b>General Inpatient Care</b>	63.5 Percent	36.5 Percent

**Proposed FY 2024 Hospice Payment Rates (Page 48)**

The FY 2024 proposed RHC rates and the FY 2024 payment rates for CHC, IRC, and GIP are shown in the tables below.

**Proposed FY 2024 Hospice RHC Payment Rates**

Code	Description	FY 2023 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	Proposed FY 2024 Hospice Payment Update	Proposed FY 2024 Payment Rates
651	Routine Home Care (days 1-60)	\$211.34	1.0010	1.0012	X 1.028	<b>\$217.74</b>
651	Routine Home Care (days 61+)	\$167.00	1.0000	1.0011	X 1.028	<b>\$171.86</b>

**Proposed FY 2024 Hospice CHC, IRC, and GIP Payment Rates**

Code	Description	FY 2023 Payment Rates	Wage Index Standardization Factor	Proposed FY 2024 Hospice Payment Update	Proposed FY 2024 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care	\$1,522.04	0.9980	X 1.028	<b>\$1,561.53</b>
655	Inpatient Respite Care	\$492.10	1.0010	X 1.028	<b>\$506.38</b>
656	General Inpatient Care	\$1,110.76	1.0003	X 1.028	<b>\$1,142.20</b>

The proposed FY 2024 rates for hospices that do not submit the required quality data would be updated by the FY 2024 hospice payment update percentage of 2.8 percent minus 4.0 percentage points. This is a statutory change from -2.0 percent effective beginning in FY 2024.

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

Code	Description	FY 2023 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	Proposed FY 2024 Hospice Payment Update of 2.8% minus 4.0 percentage points = -1.2%	Proposed FY 2024 Payment Rates
651	Routine Home Care(days 1-60)	\$211.34	1.0010	1.0012	0.988	\$209.26
651	Routine Home Care(days 61+)	\$167.00	1.0000	1.0011	0.988	\$165.18

**Proposed FY 2024 Hospice CHC, IRC, and GIP Payment Rates for Hospices That **DO NOT** Submit the Required Quality Data**

Code	Description	FY 2023 Payment Rates	Wage Index Standardization Factor	Proposed FY 2024 Hospice Payment Update of 2.8% minus 4.0 percentage points = -1.2%	Proposed FY 2024 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care.	\$1,522.04	0.9980	0.988	\$1,500.77
655	Inpatient Respite Care	\$492.10	1.0010	0.988	\$486.68
656	General Inpatient Care	\$1,110.76	1.0003	0.988	\$1,097.76

**Comment**

CMS says about 18.4 percent of Medicare-certified hospices are found non-compliant with the HQRP reporting requirements and subject to the payment reduction for a given fiscal year.

**Proposed Hospice Cap Amount for FY 2024 (Page 50)**

The proposed hospice cap amount for the FY 2024 cap year is \$33,396.55 which is equal to the FY 2023 cap amount (\$32,486.92) updated by the proposed FY 2024 hospice payment update percentage of 2.8 percent.

**Proposals and Updates to the Hospice Quality Reporting Program (HQRP)(Page 52)**

The table below shows current quality measures finalized since the FY 2022 Hospice Wage Index and Payment Rate Update final rule.

**Quality Measures in Effect for the Hospice Quality Reporting Program**

<b>Hospice Quality Reporting Program</b>	
<b>Hospice Item set</b>	
Hospice and Palliative Care Composite Process Measure—HIS-Comprehensive Assessment Measure at Admission includes:	
Patients Treated with an Opioid who are Given a Bowel Regimen	
Pain Screening	
Pain Assessment	
Dyspnea Treatment	
Dyspnea Screening	
Treatment Preferences	
Beliefs/Values Addressed (if desired by the patient)	
<b>Administrative Data, including Claims-Based Measures</b>	
Hospice Visits in Last Days of Life (HVLDL)	
Hospice Care Index (HCI)	



<b>Hospice Quality Reporting Program</b>
Continuous Home Care (CHC) or General Inpatient (GIP) Provided Gaps in Skilled Nursing Visits Early Live Discharges Late Live Discharges Burdensome Transitions (Type 1)–Live Discharges from Hospice Followed by Hospitalization and Subsequent Hospice Readmission Burdensome Transitions (Type 2)–Live Discharges from Hospice Followed by Hospitalization with the Patient Dying in the Hospital Per-beneficiary Medicare Spending Skilled Nursing Care Minutes per Routine Home Care (RHC) Day Skilled Nursing Minutes on Weekends Visits Near Death
<b>CAHPS Hospice Survey</b>
CHAPS Hospital Survey Communication with Family Getting timely help Treating patient with respect Emotional and spiritual support Help for pain and symptoms Training family to care for the patient Rating this hospice Willing to recommend this hospice

**Proposed Hospice Outcomes & Patient Evaluation (HOPE) Update (Page 55)**

The rule provides an update on the development of a patient assessment instrument, titled HOPE, which would contribute to a patient’s plan of care when adopted.

CMS says it plans to provide additional information regarding HOPE testing results on the HQRP website in late Spring of 2023.

**Proposed CAHPS Hospice Survey Updates (Page 63)**

Potential measure changes will be submitted to the Measures Under Consideration (MUC) process in 2023 and may be proposed in future rulemaking. CMS is not proposing any changes in this rule.

**Proposals Regarding Hospice Ordering/Certifying Physician Enrollment**

CMS is proposing to require physicians who order or certify hospice services for Medicare beneficiaries (hereafter occasionally referenced as “hospice physicians”) to be enrolled in or validly opted-out of Medicare as a prerequisite for the payment of the hospice service in question.

**Final Thought**

While this is a relatively short rule, organizations should review the material in-depth to insure full understanding of items being presented.