Issue Brief

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CMS Publishes Final FY 2020 Hospice Wage Index, Payment Rates and Quality Reporting Requirements

The Centers for Medicare & Medicaid Services issued a final rule that will update hospice payment rates, wage index values and quality reporting items for fiscal year 2020. These regulations are effective on Oct. 1, 2019.

This rule also rebases the continuous home care, general inpatient care and the inpatient respite care per diem payment rates in a budget-neutral manner "to more accurately align Medicare payments with the costs of providing care."

This rule changes the hospice wage index to remove the one-year lag in data by using the current year's hospital wage data to establish the hospice wage index.

In addition, the rule modifies the election statement by requiring an addendum that includes information aimed at increasing coverage transparency for a patient under a hospice election. Finally, the rule includes changes to the Hospice Quality Reporting Program.

The 211-page document is scheduled for publication in the Federal Register on Friday, Aug. 6. A copy currently is available at: https://s3.amazonaws.com/public-inspection.federalregister.gov/2019-16583.pdf. This link will change upon publication.

COMMENT

Another rule without any table of contents nor page numbering. One must assume that CMS is reducing its burden in promulgating regulations at the expense of the reader.

CMS estimates that aggregate payments to hospices in FY 2020 will increase by $520 million, or 2.6 percent, compared to payments in FY 2019. Further, CMS estimates that hospices in urban and rural areas will experience, on average, 2.7 percent and 1.8 percent increases, respectively, in estimated payments compared to FY 2019.

HOSPICE REBASING

CMS is finalizing its proposal to rebase the payment rates for continuous home

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care and general inpatient care, and set these rates equal to their average FY 2019 costs per day as shown in the table below.

CMS also is finalizing the rebasing of inpatient respite care payment rates and setting this rate equal to the estimated FY 2019 average costs per day, with a reduction of 5.0 percent to the FY 2019 average cost per day to account for coinsurance.

Lastly, CMS is finalizing a 2.72 percent reduction to the routine home care payment rates to offset the increases to CHC, IRC and GIP payment rates to implement this policy in a budget-neutral manner in accordance with section 1814(i)(6) of the Affordable Care Act.

Level of Care	Rebased Payment Rates*
Continuous Home Care (CHC)	$56.80 per hour/$1,363.26 (per day)**
Inpatient Respite Care (IRC)	$437.86***
General Inpatient Care (GIP)	$992.99

FY 2020 HOSPICE WAGE INDEX AND RATE UPDATE

Hospice Wage Index Lag Elimination

The FY 2020 hospice wage index will be based on the FY 2020 prefloor, prereclassified Inpatient Prospective Payment System hospital wage index rather than on the FY 2019 prefloor, prereclassified IPPS hospital wage index. This means that the hospital wage data used for the hospice wage index are not adjusted to take into account any geographic reclassification of hospitals, including those in accordance with section 1886(d)(8)(B) or 1886(d)(10) of the act.

Hospice Wage Index

The wage index applicable for FY 2020 is available on the CMS website at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html.
The hospice wage index for FY 2020 will be effective Oct. 1, 2019, through Sept. 30, 2020.

Update Factor

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 the 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 hospice payment update percentage for facilities not submitting quality data would be 2.6 percent minus 2.0 percentage points, or an increase of 0.6 percent.

Labor Portions

Currently, the labor portion of the hospice payment rates are as follows: For RHC, 68.71 percent; for CHC, 68.71 percent; for GIP, 64.01 percent; and for Respite Care, 54.13 percent. The nonlabor portion is equal to 100 percent minus the labor portion for each level of care.

Rates

The FY 2020 Routine Home Care rates are shown in the tables below.

FY 2020 Hospice RHC Payment Rates						
Code	**Description**	**FY 2019 Rebased Payment**	**Service Intensity (SIA) Budget Neutrality Factor (SBNF)**	**Wage Index Standard-ization Factor****	**FY 2020 Hospice payment update percentage**	**FY 2020 Payment Rates**
651	Routine Home Care (days 1-60)	$190.91	X 0.9924	X 1.0006	X 1.026	$194.50
651	Routine Home Care (days 61+)	$150.02	X 0.9982	X 1.0005	X 1.026	$153.72

*FY 2019 RHC payment rate for days 1-60 = $196.25 * 0.9728 = $190.91.
FY 2019 RHC payment rate for days 61+ = $154.21 * 0.9728 = $150.02
**Transition from FY 2019 Wage Index to FY 2020 Wage Index without One-Year Lag

The FY 2020 payment rates for CHC, IRC and GIP are shown in the table below.

FY 2020 Hospice Payment Rates for CHC, IRC and GIP					
Code	**Description**	**FY 2019 Rebased Payment Rates**	**Wage Index Standard-ization Factor**	**FY 2020 Hospice Payment Update**	**FY 2020 Payment Rates**
652	Continuous Home Care Full Rate = 24 hours of care $56.80 = hourly rate	$1,363.26	X 0.9978	X 1.026	$1,395.63 ($58.15/hourly rate)
655	Inpatient Respite Care	$437.86	X 1.0019	X 1.026	$450.10
656	General Inpatient Care	$992.99	X 1.0024	X 1.026	$1,021.25

For hospices that fail to meet quality reporting requirements, the payments are reduced by 2.0 percent.

The current FY 2019 rates are as follows: RHC days 1-60 = $196.25; RHC days 61+ = $154.21; CHC = $998.38; IRC = $176.01; GIP = $758.07

HOSPICE CAP AMOUNT FOR FY 2020

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

ELECTION STATEMENT CONTENT MODIFICATIONS AND ADDENDUM TO PROVIDE GREATER COVERAGE TRANSPARENCY AND SAFEGUARD PATIENT RIGHTS

CMS is finalizing its proposal that the addendum be titled "Patient Notification of Hospice Non-Covered Items, Services and Drugs" and would include the following content requirements.

1. Name of the hospice.
2. Beneficiary's name and hospice medical record identifier.
3. Identification of the beneficiary's terminal illness and related conditions.
4. A list of the beneficiary's current diagnoses/conditions present on hospice admission (or upon plan of care update, as applicable) and the associated items, services and drugs not covered by the hospice because they have been determined by the hospice to be unrelated to the terminal illness and related conditions.
5. A written clinical explanation, in language the beneficiary and his or her representative can understand, as to why the identified conditions, items, services and drugs are considered unrelated to the terminal illness and related conditions and not needed for pain or symptom management. This clinical explanation would be accompanied by a general statement that the decision as to whether or not conditions, items, services and drugs are related is made for each patient and that the beneficiary should share this clinical explanation with other health care providers from which they seek services unrelated to their terminal illness and related conditions.
6. References to any relevant clinical practice, policy or coverage guidelines.
7. Information on the following domains:
    a. Purpose of Addendum
    b. Right to Immediate Advocacy
8. Name and signature of Medicare hospice beneficiary (or representative) and date signed, along with a statement that signing this addendum (or its updates) is only acknowledgement of receipt of the addendum (or its updates) and not necessarily the beneficiary's agreement with the hospice's determinations.

CMS is finalizing that the election statement modifications apply to all hospice elections, but the addendum only would be furnished to beneficiaries, their representatives, nonhospice providers or Medicare contractors who request such information.

Additionally, CMS is finalizing its policy that if the beneficiary (or representative) requests an addendum at the time of hospice election, the hospice would have five days from the start of hospice care to furnish this information in writing. CMS is finalizing its proposal that if the beneficiary requests the election statement at the time of hospice election but dies within five days, the hospice would not be required to furnish the addendum, as the requirement would be deemed as being met in this circumstance. If the addendum is requested during the course of hospice care (that is, after the date of the hospice election), CMS is finalizing that the hospice would have 72 hours from the date of the request to provide the written addendum. CMS is finalizing its proposal that the election statement modifications and the addendum be effective for hospice elections beginning on and after Oct. 1, 2020 (that is, FY 2021).

COMMENT

CMS spends considerable time discussing the changes envisioned by this change – some 62 pages of the rule's overall 211 pages.

UPDATES TO THE HOSPICE QUALITY REPORTING PROGRAM

CMS is finalizing its proposal to call the hospice assessment tool the Hospice Outcomes & Patient Evaluation (HOPE).

CMS will be migrating to the iQIES system as soon as FY 2020 and will provide further information regarding the migration and any future system of record changes via sub-regulatory mechanisms to make this transition as smooth as possible.

CMS proposed to continue data collection on the measure "Hospice Visits over the Last 7 Days," one of the companion measures in the "Hospice Visits When Death Is Imminent" measure pair, but proposed not to publicly report this measure at this time. This measure identifies if hospice patients received at least one hospice visit from a medical social worker, chaplain or spiritual counselor, licensed practical nurse, or aide during their final seven days of life, and is calculated using data from the Hospice Item Set. CMS has decided not to publicly report this measure at the time of the proposed rulemaking to allow for further testing to determine if changes to the measure specifications or how it is displayed on Hospice Compare are needed.

CMS is finalizing its proposal to continue collection of this data to complete additional testing and to make a determination about the public reporting of Measure 2 of the "Hospice Visits when Death is Imminent" measure pair.

CMS also proposes a change to an exemption from the Consumer Assessment of Healthcare Providers and Systems Hospice Survey participation requirements.

FINAL COMMENTS

The payment rates and updates are simple and straightforward.

The quality components require much more attention.

As we have noted in many previous analyses, the issue of quality and quality reporting continues to grow and grow exponentially. All have a significant impact and burden on providers and provider payments.

CMS is rushing to implement quality items as it wants to move away from so-called volume performance to quality performance. A worthwhile goal, but, as we have previously noted, are the quality measures truly measuring quality, and at what cost?

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