



## Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2022

MLN Matters Number: MM12354

Related Change Request (CR) Number: 12354

Related CR Release Date: August 4, 2021

Effective Date: October 1, 2021

Related CR Transmittal Number: R10929CP

Implementation Date: October 4, 2021

### Provider Types Affected

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This MLN Matters Article is for hospice providers submitting claims to Medicare Administrative Contractors (MACs), including Home Health & Hospice (HH&H) MACs, for services they provide to Medicare patients.

### Provider Action Needed

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This Article updates hospice payment rates, the hospice wage index, the Pricer for FY 2022 and the FY 2022 hospice aggregate cap amount. Make sure your billing staff is aware of these changes.

### Background

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CMS updates hospice payment rates every year according to [Section 1814\(i\)\(1\)\(C\)\(ii\)\(VII\)](#) of the Social Security Act (the Act). We update the hospice cap amount annually in accordance with [Section 1814\(i\)\(2\)\(B\)](#) of the Act. This 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, we update the hospice cap by the hospice payment update percentage. After Fiscal Year (FY) 2025, the annual update to the cap amount would revert to the original methodology that updates the cap amount by the Consumer Price Index (CPI).

We use the hospice wage index to adjust payment rates to reflect local differences in wages. We update 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 of HHS will reduce the market basket update by 2 percentage points for any hospice that doesn't comply with the quality data reporting

requirements with respect to that FY.

### **FY 2022 Hospice Payment Rates**

We base the hospice payment update percentage for FY 2022 on the inpatient hospital market basket update of 2.7%. Due to the requirements at [Sections 1886\(b\)\(3\)\(B\)\(xi\)\(II\)](#) and [1814\(i\)\(1\)\(C\)\(v\)](#) of the Act, we must reduce the inpatient hospital market basket update for FY 2022 of 2.7% by a Multifactor Productivity (MFP) adjustment as mandated by the Affordable Care Act (currently estimated to be 0.7% for FY 2022). In effect, the hospice payment update percentage for FY 2022 is 2.0%.

The FY 2022 hospice payment rates are effective for care and services provided on or after October 1, 2021, through September 30, 2022.

More information on hospice payment rates is in [Chapter 11, Section 30.2](#) of the Medicare Claims Processing Manual.

The FY 2022 hospice payment rates are in [Tables 1 and 2 of the attachment to CR 12354](#).

### **Hospice Inpatient and Aggregate Caps**

The 2022 cap year will start on October 1, 2021, and end on September 30, 2022.

For the inpatient cap for the 2022 cap year, we'll calculate the percentage of all hospice days that were provided as inpatient days (General Inpatient Care (GIP) care and Respite care) from October 1, 2021, through September 30, 2022.

The hospice cap amount for the 2022 cap year is equal to the FY 2021 cap amount (\$30,683.93) updated by the FY 2022 hospice payment update percentage of 2.0%. As such, the FY 2022 cap amount is \$31,297.61.

### **Hospice Wage Index**

We'll add the revised payment rates and wage index into the Hospice Pricer. We won't publish the wage index in the Federal Register, but will place it on the [CMS website](#).

### **Hospice Labor Shares**

The FY 2022 Hospice final rule revised the labor share we use to wage-adjust hospice payments for each level of care. The revised labor share for:

- Routine Home Care is 66.00% and the corresponding non-labor-share is 34.00%
- Continuous Home Care is 75.20% and the corresponding non-labor share is 24.80%
- Inpatient Respite Care is 61.00% and the corresponding non-labor share is 39.00%
- General Inpatient Care is 63.50% and the corresponding non-labor share is 36.50%

## More Information

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We issued [CR 12354](#) to your MAC as the official instruction for this change.

For more information, contact your [MAC](#).

## Document History

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Date of Change	Description
August 5, 2021	Initial article released.

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