

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 11542	Date: August 4, 2022
	Change Request 12832

NOTE: This Transmittal is no longer sensitive and is being re-communicated August 05, 2022. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for Fiscal Year (FY) 2023

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update the hospice payment rates, hospice wage index, and Pricer for FY 2023. The CR also updates the FY 2023 hospice aggregate cap amount. These updates apply to Publication (Pub) 100-04, Chapter 11, section 30.2.

EFFECTIVE DATE: October 1, 2022

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: October 3, 2022

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/revise information only, and not the entire table of contents.

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	N/A

III. FUNDING:

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

Attachment - Recurring Update Notification

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I. GENERAL INFORMATION

A. Background: Payment rates for hospice care, the hospice cap amount, and the hospice wage index are updated annually.

The law governing payment for hospice care requires annual updates to the hospice payment rates. Payment rates are updated annually according to section 1814(i)(1)(C)(ii)(VII) of the Social Security Act ("the Act"), which requires CMS to use the inpatient hospital market basket, adjusted for Multifactor Productivity (MFP) and other adjustments as specified in the Act, to determine the hospice payment update percentage.

The hospice 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. For accounting years that end after September 30, 2016 and before October 1, 2025, the hospice cap is updated by the hospice payment update percentage. After FY 2025, the annual update to the cap amount would have reverted to the original methodology that updates the cap amount by the Consumer Price Index (CPI). However, the FY 2022 hospice final rule finalized the extension of the current calculation (i.e., hospital market basket reduced for multifactor productivity instead of the consumer price index) for updating the hospice cap amount through FY 2030 in accordance with division CC section 404 of the Consolidated Appropriations Act of 2021.

The hospice wage index is used to adjust payment rates to reflect local differences in wages. The hospice wage index is updated annually as discussed in hospice rulemaking.

Section 3004 of the Affordable Care Act (ACA) 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 shall reduce the market basket update by 2 percentage points for any hospice that does not comply with the quality data reporting requirements with respect to that FY.

B. Policy: FY 2023 Hospice Payment Rates

The hospice payment update percentage for FY 2023 is based on the inpatient hospital market basket update of 4.1 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 2023 of 4.1 percent must be reduced by a MFP adjustment as mandated by Affordable Care Act (currently estimated to be 0.3 percentage point for FY 2023). In effect, the hospice payment update percentage for FY 2023 is 3.8 percent.

The FY 2023 hospice payment rates are effective for care and services furnished on or after October 1, 2022, through September 30, 2023. The hospice payment rates are discussed further in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

The FY 2023 hospice payment rates are shown in Tables 1 and 2 of the attachment.

Hospice Inpatient and Aggregate Caps

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), we finalized aligning the cap accounting year, for both the inpatient cap and the hospice aggregate cap, with the federal FY beginning in 2017. Therefore, the 2023 cap year will start on October 1, 2022 and end on September 30, 2023.

For the inpatient cap for the 2023 cap year, we will calculate the percentage of all hospice days that were provided as inpatient days (General Inpatient Care (GIP) and Respite Care) from October 1, 2022 through September 30, 2023.

The hospice cap amount for the 2023 cap year is equal to the FY 2022 cap amount (\$31,297.61) updated by the FY 2023 hospice payment update percentage of 3.8 percent. As such, the FY 2023 cap amount is \$32,486.92.

Hospice Wage Index

The FY 2023 Hospice final rule finalizes the application of a permanent 5-percent cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline beginning in FY 2023. That is, we finalized that a geographic area's wage index for FY 2023 and subsequent years, would not be less than 95 percent of its wage index calculated in the prior FY.

The revised payment rates and wage index will be incorporated in the Hospice Pricer and forwarded to the Medicare contractors. The wage index will **not** be published in the Federal Register but will be available on the CMS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

Hospice Labor Shares

The FY 2022 Hospice final rule revised the labor shares used to wage-adjust hospice payments for each level of care. The revised labor share for Routine Home Care is 66.00 percent and corresponding the non-labor share is 34.00 percent. The revised labor share for Continuous Home Care is 75.20 percent and the corresponding non-labor share is 24.80 percent. The revised labor share for Inpatient Respite Care is 61.00 percent and the corresponding non-labor share is 39.00 percent. The revised labor share for GIP Care is 63.50 percent and the corresponding non-labor share is 36.50 percent.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								Other
		A/B MAC		D M E M A C	Shared- System Maintainers					
		A	B		H H H	F I S S	M C S	V M S	C W F	
12832.1	Medicare systems shall apply the FY 2023 rates for claims with dates of service on or after October 1, 2022 through September 30, 2023.					X				Hospice Pricer

Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		H H H	F I S S	M C S	V M S	
12832.2	Medicare systems shall install the new Hospice Pricer software.					X			Hospice Pricer
12832.3	Medicare systems shall use a table of wage index values associated with Core Based Statistical Area (CBSA) codes for FY 2023 hospice payment calculation.					X			Hospice Pricer
12832.4	Contractors shall calculate hospices' aggregate cap amounts for the FY 2023 cap year, starting on October 1, 2022 and ending on September 30, 2023, based on the cap amount of \$32,486.92.			X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E M A C	C E D I	I
		A	B	H H H			
12832.5	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the “MLN Connects” listserv to get MLN content notifications. You don’t need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.			X			

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Chantelle Caldwell, 410-786-8743 or chantelle.caldwell@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 1

Table 1: FY 2023 Hospice Payment Rates for Hospices that Submit the Required Quality Data

Code	Do Submit Quality	FY 2023 payment rates	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$211.34	\$139.48	\$71.86
651	Routine Home Care (days 61+)	\$167.00	\$110.22	\$56.78
652	Continuous Home Care Full Rate = 24 hours of care. Hourly rate=\$63.42	\$1,522.04	\$1,144.57	\$377.47
655	Inpatient Respite Care	\$492.10	\$300.18	\$191.92
656	General Inpatient Care	\$1,110.76	\$705.33	\$405.43

Table 2: FY 2023 Hospice Payment Rates for Hospices that DO NOT Submit the Required Quality Data

Code	Do not Submit Quality	FY 2023 payment rates	Labor Share	Non-Labor Share
651	Routine Home Care (days 1-60)	\$207.27	\$136.80	\$70.47
651	Routine Home Care (days 61+)	\$163.78	\$108.09	\$55.69
652	Continuous Home Care Full Rate = 24 hours of care. Hourly rate=\$62.20	\$1,492.72	\$1,122.53	\$370.19
655	Inpatient Respite Care	\$482.62	\$294.40	\$188.22
656	General Inpatient Care	\$1,089.36	\$691.74	\$397.62