



FACT SHEET

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CMS finalizes updates to the wage index and payment rates for the Medicare hospice benefit

On August 2, 2013, the Centers for Medicare & Medicaid Services (CMS) issued a final rule [CMS-1449-F] that would update fiscal year (FY) 2014 Medicare payment rates and the wage index for hospices serving Medicare beneficiaries.

This hospice payment rule reflects the ongoing efforts of CMS to support beneficiary access to hospice. Hospices will see an estimated one percent (\$160 million) increase in their payments for fiscal year (FY) 2014. The hospice payment increase is the net result of a hospice payment update percentage of 1.7 percent (a “hospital market basket” increase of 2.5 percent minus 0.8 percentage point for reductions mandated by law), and a 0.7 percent decrease in payments to hospices due to updated wage data and the fifth year of CMS’ seven-year phase-out of its wage index budget neutrality adjustment factor (BNAF). As finalized in this rule, CMS will update the hospice per diem rates for FY 2014 and subsequent years through the annual hospice rule or notice, rather than solely through a Change Request, as has been done in prior years.

The FY 2014 hospice payment rates and wage index will be effective on October 1, 2013.

Final Rule Details

BNAF phase-out

This final rule continues with the fifth year of the seven-year BNAF phase-out, reducing the BNAF by 15 percent, for a total reduction of 70 percent since FY 2010. The BNAF, implemented in 1997, authorized a shift from the outdated wage index to today’s more current and accurate method for determining hospice payments. In the FY 2010 Hospice Wage Index final rule, CMS finalized a schedule to phase-out the BNAF over seven years, reducing it by 10 percent in FY 2010 and by 15 percent reductions each year from FY 2011 through FY 2016.

Coding clarification

Longstanding policy requires that hospices use ICD-9-CM coding guidelines. CMS has clarified that hospice providers should not use certain non-specific diagnosis or diagnoses that, under

coding guidelines, are not principal diagnoses; instead, hospices should code the principal diagnosis using the underlying condition that is the main focus of the patient's care.

As suggested by some commenters, CMS will delay returning claims to providers until October 1, 2014.

Hospice quality reporting

Under section 3004 of the Affordable Care Act, hospices that fail to meet quality reporting requirements will receive a two percentage point reduction to their market basket update beginning in FY 2014. Hospices began reporting quality data in 2013. For the FY 2014 payment determination, hospices reported two measures: the NQF #0209/Pain Management measure and the Structural measure on participation in a Quality Assessment and Performance Improvement (QAPI) program. The final rule eliminates these two currently reported quality measures beginning with the FY 2016 payment determination.

For the FY 2016 payment determination, CMS finalizes the implementation of a standardized patient-level data collection instrument called the Hospice Item Set (HIS). The measures in the HIS address multiple important aspects of hospice patient care. Hospices will be required to complete the HIS at admission and discharge on all patients admitted to hospice starting July 1, 2014. HIS data submission would affect the payment determination for FY 2016.

Patient Experience of Care

This final rule provides information about CMS's efforts to develop a Hospice Experience of Care Survey for informal caregivers of hospice patients. Hospices will be required to begin using the survey in 2015. The survey will include questions on hospice provider communications with patients and families, hospice provider care, and overall rating of hospice. CMS will include participation in the survey as a quality-reporting requirement for hospices to receive their full annual payment update beginning in FY 2017.

CMS will continue to keep hospices informed of its efforts to develop this experience of care survey, and final requirements will be published in FY 2015 rulemaking.

Other Affordable Care Act reforms

Finally, as mandated in section 3132(a) of the Affordable Care Act, CMS must reform hospice payments no earlier than October 2013 and is authorized to collect additional data that may be used to revise the hospice payment system. In this final rule, CMS provides updates on Medicare hospice payment reform efforts, including a discussion of reform model options; highlights from recent reform research; and an update on data collection efforts.

To read the technical report with details on reform research methods and findings please go to CMS' Medicare Hospice Center website at <http://www.cms.gov/Center/Provider-Type/Hospice-Center.html>.

A link to the final rule, which will be published in the *Federal Register* on August 7, 2013, is available at: <https://www.federalregister.gov/public-inspection>.

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