

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Room 352-G

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Washington, DC 20201

Office of Media Affairs

MEDICARE FACT SHEET

FOR IMMEDIATE RELEASE

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Contact: CMS Public Affairs

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**CMS ANNOUNCES FINAL WAGE INDEX CHANGES
FOR THE MEDICARE HOSPICE BENEFIT**

Public comments sought to streamline process for calculating overpayments

Hospices serving Medicare beneficiaries will see an estimated 1.8 percent increase in their payments for fiscal year (FY) 2011, according to a notice released today by the Centers for Medicare & Medicaid Services (CMS). Today's notice reflects the ongoing efforts of CMS to support beneficiary access to hospice services while maintaining responsible financial stewardship of the Medicare Trust Fund.

The estimated hospice payment increase is the net result of a 2.6 percent increase in the "hospital market basket," an indicator of input price increases. This is an offset by an estimated 0.8 percent decrease in payments to hospices due to updated wage index data and the second year of CMS' 7-year phase-out of its wage index budget neutrality adjustment factor (BNAF). Through the notice now on display in the *Federal Register*, CMS is soliciting public comment on two possible approaches to modernizing the calculation of the hospice aggregate cap.

Notice Details

This notice implements the second year of the BNAF phase-out. The BNAF was implemented in 1997, when the former Health Care Financing Administration (HCFA), now CMS, moved from an outdated wage index to a more current and accurate method for determining hospice payments. In order to minimize disruption to services, this special budget neutrality adjustment was applied. In FY 2010 rulemaking, CMS finalized a schedule to phase out the BNAF over seven years, reducing it by 10 percent in FY 2010 and by 15 percent each year from FY 2011 through FY 2016.

The notice solicits public comments on two possible approaches to modernizing the hospice aggregate cap calculation. These approaches take advantage of new computing technologies to streamline the cap calculations, which may lead to a timelier provider notification of overpayments. CMS will consider the comments in future analyses and possible future rulemaking.

The notice also refers the public to the “Home Health Prospective Payment System Rate Update” for Calendar Year 2011, a proposed rule which is expected to be published in summer 2010. This home health proposed rule will include a hospice proposal for implementing a new requirement for a face-to-face encounter by a physician or nurse practitioner prior to recertifying the eligibility of a Medicare beneficiary for hospice services, as mandated by the Affordable Care Act.

More information is available at www.healthcare.gov, a new web portal made available by the U.S. Department of Health and Human Services.

A link to the notice, which will be published in the *Federal Register* on July 22, 2010, along with accompanying documents will be available at:
http://www.ofr.gov/OFRUpload/OFRData/2010-17622_PL.pdf

Comment period for Hospice rule ends September 20, 2010.

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