

FACT SHEET

FOR IMMEDIATE RELEASE
April 29, 2013

Contact: CMS Media Relations
(202) 690-6145

CMS PROPOSES UPDATES TO THE WAGE INDEX AND PAYMENT RATES FOR THE MEDICARE HOSPICE BENEFIT

On April 29, 2013, the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule [CMS-1449-P] that would update fiscal year (FY) 2014 Medicare payment rates and the wage index for hospices serving Medicare beneficiaries.

The proposed hospice payment rule reflects the ongoing efforts of CMS to support beneficiary access to hospice. As proposed, hospices would see an estimated 1.1 percent (\$180 million) increase in their payments for fiscal year (FY) 2014. The hospice payment increase would be the net result of a proposed hospice payment update to the hospice per diem rates of 1.8 percent (a “hospital market basket” increase of 2.5 percent minus 0.7 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). The rule proposes that CMS would 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.

Proposed Rule Details

BNAF phase-out. This proposed rule would implement 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 The BNAF was implemented in 1997, when the former Health Care Financing Administration (HCFA), now CMS, moved from an outdated wage index to a more current and accurate method for determining hospice payments.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 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. The proposed rule solicits comments with the intent of clarifying appropriate diagnosis coding in hospice claims.

Longstanding policy requires that hospices adhere to ICD-9-CM coding guidelines. CMS clarifies that hospice providers should not use certain non-specific diagnoses 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. CMS is interested in gaining a better understanding of those who are served by the Medicare hospice program.

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 proposed rule solicits comments on the elimination of these two currently reported quality measures beginning with the 2016 payment determination and to replace these two with other measures.

For the FY 2016 payment determination, CMS proposes 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 would 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 proposed rule provides information about CMS's efforts to develop a Hospice Experience of Care Survey for informal caregivers of hospice patients. The rule also proposes to require use of the survey beginning in 2015. The survey would include questions on hospice provider communications with patients and families; hospice provider care, and overall rating of hospice. CMS proposes to 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 would 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 proposed 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 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 proposed rule, which will be published in the *Federal Register* on May 13, 2013, is available at: <https://www.federalregister.gov/public-inspection>.

###