

Hospice Aggregate Cap

May 28, 2008

The hospice aggregate cap amount is updated annually in accordance with §1814(i)(2)(B) of the Social Security Act and provides for an increase (or decrease) in the hospice cap amount. More information about the hospice cap is available in CMS' Internet-Only Manual 100-04, chapter 11, section 80.2. The manual can be accessed from the "Manuals and Transmittals" section of CMS' hospice website at <http://www.cms.hhs.gov/center/hospice.asp>.

As has occurred in previous years, CMS will issue a Change Request (CR) this summer which includes the hospice aggregate cap amount for the 2008 cap year. However, in order to assist the hospice industry in planning and budgeting, CMS is making the aggregate cap amount, for the 2008 cap year, available in advance of the formal CMS administrative notice. Additionally, we have included information about how we calculate the aggregate cap amount so that hospices can compute the amount themselves in the future if they so desire. This information is also in CMS' Internet-Only Manual 100-04, chapter 11, section 80.2.3. We will issue a Change Request this summer and in future years to formally notify CMS contractors about the aggregate cap amount, along with the rate updates for Fiscal Year 2009.

The hospice aggregate cap amount for the 2008 cap year is **\$22,386.15**. The cap amount is calculated according to §1814(i)(2)(B) of the Social Security Act. The cap amount for a given year is \$6,500 multiplied by the change in the Consumer Price Index for All Urban Consumers (CPI-U) medical care expenditure category, from the fifth month of the 1984 accounting year (March 1984) to the fifth month the current accounting year (in this case, March 2008). The CPI-U for medical care expenditures for 1984 to present is available from the Bureau of Labor Statistics (BLS) website at: (<http://www.bls.gov/cpi/home.htm>).

1) From the BLS website given above, the March 2008 CPI-U for medical care expenditures is 363.000 and the 1984 CPI-U for medical care expenditures was 105.4.

2) Divide the March 2008 CPI-U for medical care expenditures by the 1984 CPI-U for medical care expenditures to compute the change.

$$363.000 / 105.4 = 3.444023$$

3) Multiply the original cap base amount (\$6,500) by the result from 2) to get the updated aggregate cap amount for the 2008 cap year.

$$\$6,500 \times 3.444023 = \mathbf{\$22,386.15}$$