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Medicare Program - Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2006

Note: This article was revised to contain web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Medicare hospices

Provider Action Needed

This instruction provides hospices with information on the annual Medicare updates.

Background

The law governing the payment for hospice care requires annual updates to the hospice payment rates. Section 1814(i)(1)(C)(ii) of the Social Security Act stipulates that the payments for hospice care for Fiscal Years after 2002 will increase by the market basket percentage increase for the Fiscal Year. This payment methodology has been codified in regulations found at 42 CFR §418.306(a)(b).

Hospice Payment Rates

The Hospice Payment Rates for FY 2006 increase by 3.7 percentage points over the FY 2005 rates. This is the total market basket percentage increase forecasted for FY 2006, and the payment rates are effective for care and services furnished on or after October 1, 2005, through September 30, 2006.

The national payment rates for revenue codes 651, 652, 655, and 656 for October 1, 2005, through September 30, 2006 are listed in the following table:

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Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$126.49	\$86.91	\$39.58
652	Continuous Home Care Full Rate = 24 hours of care at \$30.76 hourly rate	\$738.26	\$507.26	\$231.00
655	Inpatient Respite Care	\$130.85	\$70.83	\$60.02
656	General Inpatient Care	\$562.69	\$360.18	\$202.51

Hospice Cap

The hospice cap amount is increased or decreased, for accounting years after 1984, by the same percentage as the percentage increase or decrease, respectively, in the medical care expenditure category of the Consumer Price Index for all urban consumers. The latest hospice cap amount for the cap year ending October 31, 2005, is \$19,777.51.

The Centers for Medicare & Medicaid Services (CMS) has determined that the hospice cap amount for the cap year ending October 31, 2004, was incorrectly computed and additional information regarding this issue will be published in a separate CR and article at a later date.

The Hospice Wage Index

The Hospice Wage Index is used to adjust payment rates to reflect local differences in wages according to the revised wage index, and is updated annually in accordance with recommendations made by a negotiated rulemaking advisory committee. The Hospice Wage Index notice will be effective October 1, 2005, and will be published in the Federal Register before that date.

Note: Hospice providers should split claims if dates of service span separate fiscal years; that is, services begin in September and continue into October, when the new rates are effective. If a hospice does not split a claim and the services on one claim span two fiscal years, the entire claim will be processed using the earlier fiscal year rates and the Medicare Regional Home Health Intermediary (RHHI) will make no subsequent adjustment on such claims.

Use of Core Based Statistical Area (CBSA) Codes

Hospice providers are advised that Medicare will use Core Based Statistical Area (CBSA) codes for purposes of wage index adjustment of hospice claims. Accordingly, CMS reminds hospices to:

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- Submit the CBSA code corresponding to the state and county of the beneficiary's home in value code 61 on claims that include routine home care or continuous home care (Table D in the Federal Register can be used to identify the appropriate CBSA designations for each county.);
- Use the Federal Register table associating states and counties to CBSA codes (codes in the range 10020-49780 and 999xx rural state codes) to determine the code to report in value code 61 (Table A in the Federal Register can be used to identify CBSA codes for urban areas and Table B identifies CBSA codes for rural areas); and
- Use a special code in the 50xxx range in place of the CBSA code, for those counties where such a special code is required. (These counties can be found in the Federal Register Table C.)

The Federal Register tables may be found in the notice at <http://www.cms.hhs.gov/QuarterlyProviderUpdates/Downloads/cms1286f.pdf> on the CMS website.

Additional Information

For complete details, please see the official instruction issued to your RHHI regarding this change. That instruction may be viewed by going to <http://www.cms.hhs.gov/transmittals/downloads/R663CP.pdf> on the CMS website.

If you have questions, please contact your RHHI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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