



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group (DEHPG)

DATE: May 4, 2009

TO: All Associate Regional Administrators
for Medicaid

FROM: Terry Pratt, Acting Director
Disabled and Elderly Health Programs Group

SUBJECT: Impact of Revised Wage Index on FY 09 Medicaid Hospice Rates —ACTION

This memorandum describes the impact of the revisions to the hospice wage index on the Medicaid hospice payment rates for Federal Fiscal Year 2009. Please inform your staff and all State agencies in your jurisdiction of the following information.

The American Recovery and Reinvestment Tax Act of 2009, required revisions to the hospice wage index previously published in final in the Federal Register on August 8, 2008. The hospice wage index has been revised to eliminate a reduction for the budget neutrality adjustment factor (BNAF), which had begun to be phased-out over 3 years, beginning in FY 2009. The revised wage index has been published on the CMS website, at the following link:
http://www.cms.hhs.gov/Hospice/downloads/FY2009HospiceWI_ARRA.pdf.

The wage index is applied to both Medicare and Medicaid hospice rates. While the Medicaid rates published by CMS in a September 10, 2008, memorandum have not changed as a result of the revised wage index, the new wage index should be applied to the portion of each Medicaid hospice rate category subject to the wage index. This will require State Medicaid Agencies to recalculate their hospice rates. The revised wage index is retroactive to October 1, 2008. States' Medicaid hospice rates should be recalculated accordingly.

Please contact Melissa Harris at 410-786-3397 with any questions. Thank you.