FY2016 Hospice Wage Index Final Rule
Updated: 08/06/15

On Friday, July 31, 2015, the FY2016 hospice wage index final rule posted to the public inspection page of the Federal Register. It will be officially published on August 6, 2015.

Summary

The FY2016 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements [CMS1629-F] announces:

- Hospices will see an estimated 1.1 percent rate increase in FY2016.
- Implementation of hospice payment reform, effective January 1, 2016, with a two-tiered routine home care rate (RHC) based on a beneficiary’s length of stay, with a higher rate for the first 60 days of care and a lower rate starting on day 61.
- A service intensity add-on (SIA) payment is established, effective January 1, 2016, for services provided by an RN or social worker in the last 7 days of a hospice patient’s life.
- There are changes in the aggregate cap calculation and an alignment of the cap accounting year to conform to the Federal fiscal year of October 1.
- Updates to quality reporting include the establishment of thresholds for data submission compliance and an update on public reporting.
- Clarification on the requirement for reporting all diagnoses on the claim form.

The final rule also provides detailed analysis of hospice claims for FY2013.

1. Rate Increase

Beginning October 1, 2015, the hospice rates for all four levels of care will increase by 1.1%. This year’s rates have several differences, and providers will need to pay special attention to the changes finalized for the routine home care and the ongoing penalty for hospices who did not participate in the Hospice Quality Reporting Program (HQR). Rate charts follow and the FY2016 State/County rate chart for FY2016 (with RHC rates through December 31, 2015) can be found here. Note that the rate charts that were released with the final rule are DIFFERENT than those released for the proposed rule. Use ONLY
the charts for the final rule to determine payment amounts for FY2016. The RHC payment amount only applies to the period **October 1, 2015 to December 31, 2015**.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>FY 2015 Payment Rate</th>
<th>FY2016 hospice payment update percentage</th>
<th>FY2016 Payment Rate 10/1/2015 through 12/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>651</td>
<td>Routine Home Care</td>
<td>$159.34</td>
<td>1.6%</td>
<td>$161.89</td>
</tr>
</tbody>
</table>

**Rates for other levels of care – October 1, 2015 through September 30, 2016:**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>FY 2015 Payment Rate</th>
<th>FY2016 hospice payment update percentage</th>
<th>FY2016 Payment Rate 10/1/2015 through 9/30/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>652</td>
<td>Continuous Home Care</td>
<td>$929.92</td>
<td>1.6%</td>
<td>$944.79</td>
</tr>
<tr>
<td>655</td>
<td>Inpatient Respite Care</td>
<td>$164.81</td>
<td>1.6%</td>
<td>$167.45</td>
</tr>
<tr>
<td>656</td>
<td>General Inpatient Care</td>
<td>$708.77</td>
<td>1.6%</td>
<td>$720.11</td>
</tr>
</tbody>
</table>

**Hospice payment rates for RHC when hospice DOES NOT submit required quality data**

**RHC Rate for October 1 – December 31, 2015:**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>FY 2015 Payment Rate</th>
<th>FY2016 hospice payment update percentage of 1.6% minus 2%</th>
<th>FY2016 Payment Rate 10/1/2015 through 12/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>651</td>
<td>Routine Home Care</td>
<td>$159.34</td>
<td>-0.4%</td>
<td>$158.70</td>
</tr>
</tbody>
</table>
Other levels of care October 1, 2015 through September 30, 2016:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>FY 2015 Payment Rate</th>
<th>FY2016 hospice payment update percentage of 1.6% minus 2%</th>
<th>FY2016 Payment Rate 10/1/2015 through 9/30/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>652</td>
<td>Continuous Home Care</td>
<td>$929.92</td>
<td>-0.4%</td>
<td>$926.19</td>
</tr>
<tr>
<td></td>
<td>Full Rate = 24 hours of care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hourly rate = $39.37</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>655</td>
<td>Inpatient Respite Care</td>
<td>$164.81</td>
<td>-0.4%</td>
<td>$164.15</td>
</tr>
<tr>
<td>656</td>
<td>General Inpatient Care</td>
<td>$708.77</td>
<td>-0.4%</td>
<td>$705.93</td>
</tr>
</tbody>
</table>

2. **Two-tiered Routine Home Care Rate**

The routine home care rate (RHC) will change on January 1, 2016 to a two-tiered rate, with a higher rate for the first 60 days of a hospice patient’s care, and a lower rate for days 61 and after. Please note that this two-tiered rate will not be implemented until January 1, 2016 to give state Medicaid agencies adequate time to prepare for the changes in the RHC rate and day counts.

The two tiers of the routine home care rate are as follows:

**RHC rate for days of care 1-60:** The hospice will be paid a higher rate for the first 60 days of a hospice election.

**RHC rate for days of care 61+:** The hospice will be paid a lower rate for days 61 and later.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>RHC Rates</th>
<th>SIA budget neutrality adjustment factor</th>
<th>FY2016 hospice payment update percentage</th>
<th>FY2016 Payment Rates January 1, 2016 through September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>651</td>
<td>Routine Home Care (days 1-60)</td>
<td>$187.54</td>
<td>X 0.9806</td>
<td>1.6%</td>
<td>$186.84</td>
</tr>
<tr>
<td>651</td>
<td>Routine Home Care (days 61+)</td>
<td>$145.14</td>
<td>X0.9957</td>
<td>1.6%</td>
<td>$146.83</td>
</tr>
</tbody>
</table>

**IF a hospice DOES NOT submit the required quality data, the two tiered payment rate is also impacted.**
<table>
<thead>
<tr>
<th>Code</th>
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<th>FY2016 hospice payment update percentage</th>
<th>FY2016 Payment Rates January 1, 2016 through September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>651</td>
<td>Routine Home Care (days 1-60)</td>
<td>$187.54</td>
<td>X 0.9806</td>
<td>-0.4%</td>
<td>$183.17</td>
</tr>
<tr>
<td>651</td>
<td>Routine Home Care (days 61+)</td>
<td>$145.14</td>
<td>X 0.9957</td>
<td>-0.4%</td>
<td>$143.94</td>
</tr>
</tbody>
</table>

Other details of the two-tiered routine home care rate:

- **Breaks in service:** If a hospice patient revokes or is discharged from hospice care and the break in service is 61 days or more, then the patient qualifies for the higher RHC rate. If the break in service is 60 days or less, the day count resumes and the patient’s RHC rate drops to the 61+ rate when the total days of care total 61 days or more.

- **Billing for the two tiers of RHC:** CMS states that there will be no changes in hospice billing instructions and that hospices will bill RHC as a day of care. CMS states that “CMS’ claims processing system will be responsible for the count of days, rather than individual hospices and will pay the appropriate rate accordingly.”
  - **Medicare billing instructions:** There are no changes in billing instructions for hospices. A day of RHC care will be billed as a RHC day of care. CMS claims processing will determine the RHC rate. Level of care revenue code lines should only change if the site of service changes.

- **Electronic remittance advice:** No changes to the electronic remittance advice are planned at this time.

- **Count of days follows the patient:** For patients who revoke their hospice benefit or are discharged and readmitted to hospice care within 60 days of their discharge, the patient’s prior days in hospice care will “continue to follow the patient and will count toward his or her patient days for the new hospice election.”

- **Patients enrolled in hospice on January 1, 2016:** The calculation of days of care will start with the patient’s hospice election, even if that election started before January 1, 2016.

- **Day count and levels of care:** CMS states that the day count includes all hospice days of care, regardless of level of care and whether days of care were billable or not.

- **Lapse of care for 61 days or more:** If a patient was not receiving hospice care for 61 days or more, then a new “episode of care” would be triggered, and the day count would be reset to the higher RHC payment for another 60 days, even if they change hospice. This would include patients who revoke their hospice election or who are discharged by the hospice for “no longer terminally ill, moving out of the service area, or discharged for cause.”
• **Episodes of care**: An episode of care is defined, for RHC purposes, in the final rule as “a hospice election period or series of election periods separated by no more than a 60 day gap in hospice care.”

• **Transfer day**: If a patient transfers from one hospice to another and there is no gap in care, the transfer day will be counted as 1 day, and both hospices will include the same date on their claim.

• **Hospice cost report**: No changes are anticipated to the hospice cost report to differentiate between the two RHC rates, and no change to the PS&R report is anticipated.

### 3. Medicaid implementation

The Social Security Act requires that Medicaid “payment for hospice care be in amounts no lower than the amounts, using the same methodology,” used under Medicare, the two-tiered RHC rate applies to both Medicare and Medicaid. CMS anticipates that state Medicaid agencies will need additional time to make the necessary systems and software changes in the RHC structure to implement these RHC changes and has delayed the implementation of the two-tiered RHC rate until January 1, 2016 to accommodate Medicaid preparedness. CMS will communicate with the state Medicaid agencies on their plans to implement the changes and also states that they will “defer to the states on how they will implement this change in Medicare reimbursement for their state Medicaid program.”

### 4. Service Intensity Add-on

The service intensity add-on (SIA) payment will be made for visits conducted by an RN or social worker any time in the last seven days of a hospice patient’s life, if the following criteria are met:

- The day of care is a RHC day
- The day occurs during the last 7 days of life
- The patient’s discharge is due to death
- Direct care is provided by an RN or social worker
- Only in person visits count toward the payment; no social worker phone calls
- The total hours paid at the SIA cannot exceed 4 hours in a day for the RN and social worker combined

**Other details of the SIA payment:**

- **Purpose**: The SIA payment is meant to “encourage visits in the last 7 days of life, regardless of the length of stay.”
- **Payment**: The SIA payment equals the CHC hourly rate of $39.37, multiplied by the number of hours of RN and social worker direct patient care visit time, listed on the claim form in 15 minute increments.
- **Billing**: The SIA payment will be calculated by CMS claims processing retrospectively. The hospice will not add an SIA payment to the claim form. CMS states that they will “fully
automate the review of claims with a discharge of death in order to identify eligible visits and generate appropriate SIA outlays.”

- **Payment in addition to:** The SIA payment will be paid in addition to the RHC rate for the days in which visits are made.

- **Minimum and maximum hours per day:** SIA payments will be made for a minimum of 15 minutes and a maximum of 4 hours of direct patient care, provided by a RN and social worker. The 4 hours per day is the combined total of RN and social work visits.

- **G codes:** CMS does not currently separate codes for RN and LPN, with only one G-code for skilled nursing visits. CMS will create two separate G-codes through separate regulatory communication, one for RNs and one for LPNs to allow for SIA payments for RN visits.

- **What days does the SIA apply?** The SIA payment applies to any patient in the last 7 days of life, regardless of length of stay. For patients with a short length of stay in hospice, the SIA payment will help to “mitigate the marginally higher costs associated with short lengths of stay.”

- **Visits for the pronouncement of death:** These visits will not be counted for the SIA payment.

5. **Hospice Wage Index**

The hospice wage index is based on data submitted by hospitals each year. Details on the hospice wage index include:

- **Budget neutrality adjustment factor (BNAF):** This year is the final year in the 7 year phase out of the budget neutrality adjustment factor, a multiplier computed in the wage index values with the intent of adjusting downward the wage index values. Again this year, the multiplier is part of the published wage index value for each county in the country.

- **Hospice floor:** This provision was commonly called the “rural floor” and now applies to any county’s wage index value. The hospice floor “equates to a 15% increase in the wage index, to a maximum of 0.8.” CMS gives two examples:
  
  - County A has a pre-floor, pre-reclass hospital wage index of 0.3994. The 15% multiplier would make the wage index 0.4593. Since 0.4593 is not greater than 0.8, 0.4593 will be used.
  
  - County B has a pre-floor, pre-reclass hospital wage index of 0.7440. When 0.7440 is multiplied by 1.15, it equals 0.8556. Since 0.8556 is greater than 0.8, County B’s wage index would be 0.8.

- **Implementation of 2010 Census:** This year’s wage index charts implement the changes in urban and rural areas based on the 2010 census, and as published by the Office of Management and Budget (OMB). That means that 4% (20 areas) will have a higher wage index based on the changes in county designations and 7.4% (34 areas) will have a lower wage index.

- **One year transition to new CBSA or state designations:** For each county, a 50/50 blended wage index value will be used for FY2016, with 50% of the old CBSA/rural designation and 50% of the new CBSA/rural designation. In FY2017, 100% of the wage index values will be calculated at the new CBSA/rural designation rate.
• Special identifying number for CBSA or state designation on claim form: Because of the transition to the new CBSA/rural rates, a special five digit number will need to appear on the claim form in place of the CBSA designation. The five digit code can be found on the FY2016 State/County hospice wage index and rate charts in column J. If a hospice does not use the correct CBSA or alternate 50xxx code, the claim will be returned for correction.

• State/County wage index and rate charts: These charts have been developed by NHPCO, based on the final wage index values and final FY2016 rates. They can be accessed at www.nhpco.org/hot-topics

6. Aggregate Cap

• Changes in the calculation of the aggregate cap: One section of the IMPACT Act requires that, effective with the 2016 cap year (November 1, 2015 through October 31, 2016), the cap will be updated by the hospice payment rate update. This calculation will be in place until the 2025 cap calculation year.

• 2015 Cap amount: $27,382.63 for the cap period November 1, 2014 through October 31, 2015.

• 2016 Cap amount: $27,820.75 for the cap period November 1, 2015 through October 31, 2016, using the 2015 cap amount updated by the FY2016 hospice payment update of 1.6%.

7. Aggregate and Inpatient Cap Accounting Years

• Change: The cap accounting year for both the aggregate cap and the inpatient cap will be aligned with the federal fiscal year of October 1 of each year.

• Effective date: This change will take effect with FY2017 and later.

• Cap amount: The aggregate cap amount will be updated using the hospice payment update percentage, beginning with the 2016 cap year and continuing through the 2025 cap year.

8. Updates to Hospice Quality Reporting Program (HQRP)

• Adopting a quality measure: CMS has finalized their proposal that once a quality measure is adopted, it will be retained for use for subsequent fiscal year payment determinations.

• Proposed measures for future years: No new measures are proposed for payment year FY2017. However, CMS continues to work with measure developers to address high priority concept areas, including:

  o Patient reported pain outcome measure that incorporates patient and/or proxy reporting regarding pain management

  o Claims-based measures focused on care practice patterns including skilled visits in the last days of life, burdensome transitions of care for patients in and out of the hospice benefit and rates of live discharge from hospice

  o Responsiveness of hospice to patient and family care needs

  o Hospice team communication and care coordination
• **Policy for new facilities to begin submitting data:** New providers will be required to begin reporting quality data under the HQRP beginning on the date they receive their CCN notification letter from CMS.

• **Data submission deadlines:** Hospices must submit all records (HIS admission and HIS discharge) within 30 days of the “event date” – admission or discharge.

• **Data submission deadlines and compliance thresholds for FY2018 payment determination:** The compliance threshold was finalized for submission of HIS-Admission and HIS-Discharge records no later than 30 days from the “event date” and would be implemented over a 3 year period. The thresholds are as follows:
  - **January 1 – December 31, 2016:** 70% of all related HIS records will be submitted within the 30 day submission timeframe for the year or face the 2% reduction in the marketbasket update for 2018.
  - **January 1 – December 31, 2017:** 80% of all related HIS records will be submitted within the 30 day submission timeframe or face the 2% reduction in the marketbasket update for 2019.
  - **January 1 – December 31, 2018:** 90% of all related HIS records will be submitted within the 30 day submission timeframe for the year or face the 2% reduction in the marketbasket update for 2020.

• **CAHPS participation requirements for 2018 annual payment updates (APU):** Hospices are required to collect data using the CAHPS ® Hospice Survey using CMS-approved third party vendors in compliance with outlined regulatory provisions. Ongoing monthly participation is required January 1, 2016 through December 31, 2106 to comply with the participation requirements for the FY2018 APU. Deadlines for data submission occur quarterly and are the second Wednesday of the submission months – August, November, February and May.

• **CAHPS participation requirements for 2019 APU:** Hospices are required to collect data using the CAHPCS ® Hospice Survey monthly. Data submission deadlines for the 2019 APU will be announced in future rulemaking.

• **Fewer than 50 survey-eligible decedents/caregivers:** If a hospice has fewer than 50 survey-eligible decedents/caregivers in the period January 1, 2016 to December 31, 2016, are exempt from the CAHPS ® Hospice Survey. To qualify a hospice MUST submit an exemption request form, available in the first quarter of 2017.

• **Notification of non-compliance with quality reporting requirements:** CMS will begin using the QIES National System for Certification and Survey Provider Enhanced Reports (CASPER) system, in addition to letters via regular USPS mail, beginning with the FY2017 payment determination. The electronic APU letters can be accessed using the CASPER reporting application. Additional information will be available prior to the release of the letters.

• **Public display of quality measures and other hospice data:** CMS will develop “the infrastructure for public reporting and method for hospices to preview their quality data prior to publicly reporting any such information.” A timeframe for public reporting of quality measure data in hospice will be announced in future rulemaking.
9. Diagnosis Reporting on Hospice Claims

- **Clarification:** Hospices will report ALL diagnoses identified in the initial and comprehensive assessments on the hospice claim, whether related or unrelated to the terminal prognosis, **effective October 1, 2015.** This will include any mental health disorders or conditions that would affect the plan of care. At this time, hospices will not identify on the claim which diagnoses they have determined to be related versus unrelated.

- **“Virtually all”**: CMS states once again that “it is our general view that hospices are required to provide virtually all the care that is needed by terminally ill individuals and we [CMS] would expect to see little being provided outside the benefit.”

Any questions about the FY2016 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements [CMS 1629-F] final rule should be directed to regulatory@nhpco.org.