

FY 2023 Final Rule

Medicare Program; FY 2023 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements

To: NHPCO Provider and State Members

From: NHPCO Policy Team

Date: July 29, 2022

(A comprehensive analysis following our Regulatory Alert from July 27, 2022)

Summary at a Glance

The [FY 2023 Hospice Wage Index final rule](#) went on display for public inspection on the Federal Register website on Wednesday, July 27, 2022. The rule for fiscal year 2023 includes the following:

- **Final FY 2023 rate increase: 3.8%** which is a 1.1% increase from the FY23 proposed rule. Rates for each level of care are available below.
- **Cap amount:** The final hospice cap amount for the FY 2023 cap year is \$32,486.92, which is equal to the FY 2022 cap amount (\$31,297.61) updated by the final FY 2023 hospice payment update percentage of 3.8%.
- **5% maximum decrease for wage index values:** A permanent 5% maximum decrease when the wage index value decreases from year-to-year, regardless of the reason for the change
- **Update on the Hospice Outcomes and Patient Evaluation (HOPE) tool:** CMS provided an update on beta testing, burden estimates and timepoints for collection, along with additional outreach efforts. Providers report interest and support for beta testing but would like to have an opportunity to see preliminary results.
- **Future quality measures:** CMS also discusses feedback on future quality measures within the HQR based on HOPE and administrative data, including HOPE-based process measures and hybrid quality measures.
- **Testing for CAHPS Hospice Survey:** CMS provided an update on a survey-mode experiment whose goal was to test the effect of adding a web-based mode to the CAHPS Hospice Survey. CMS is also testing a shortened version of the CAHPS survey.
- **No new quality measures:** There are no new quality measures included in the FY 2023 Final Rule. CMS continues to consider future outcomes-based measures that would reflect cost and utilization of resources and could be calculated from multiple data sources such as claims and patient assessments.

NHPCO Analysis

Final FY23 Hospice Wage Index and Rate Update

On Wednesday July 27, 2022, the FY 2023 Hospice Wage Index and Payment Update final rule went on display on the Federal Register website for public inspection.

- The final hospice rate increase for FY 2023 is **3.8%**. The final hospice cap amount for FY23 is **\$32,486.92**.
- CMS confirmed a permanent **5%** cap on Wage Index decrease year-to-year regardless of the reason for the change.
- NHPCO has prepared the **FY 2023 Final Wage Index State/County Rate Chart**, which will be found on the [Regulatory Medicare Reimbursement](#) page of the website for members.
- The **CMS charts showing the FY 2022 and final FY 2023 rates for each level of care**, both for hospices who do and do not submit quality data, are included below.

FINAL FY23 Hospice Payment Rates (Assuming compliance with HQRP submissions)

Code	Description	FY22 Payment Rates	Wage Index Standardization Factor	Final FY23 Hospice Payment Update	Final FY23 Payment Rates
651	Routine Home Care (days 1-60)	\$203.40	X 1.0007	X 1.038	\$211.34
651	Routine Home Care (days 61+)	\$160.74	X 1.0006	X 1.038	\$167.00
652	Continuous Home Care Full rate = 24 hours of care	\$1,462.52 (\$60.94 per hour)	X 1.0026	X 1.038	\$1,522.04 (\$63.42 per hour)
655	Inpatient Respite Care	\$473.75	X 1.0007	X 1.038	\$492.10
656	General Inpatient Care	\$1,068.28	X 1.0017	X 1.038	\$1,110.76

FINAL FY23 Hospice Payment Rates for Hospices that **DO NOT** Submit the Required Quality Data

FY23 payment rates are based on submission of calendar year 2021 quality data; hospices who failed to submit required data in 2021 are subject to a 2% payment penalty for FY23.

Beginning in FY24, the payment penalty will be increased to a 4% APU reduction for hospices who do not submit required quality data. FY24 penalties will be assessed for failure to submit calendar year 2022 quality data.

Code	Description	FY22 Payment Rates	Wage Index Standardization Factor	Final FY23 Hospice Payment Update of 3.8% minus 2 percentage points = +1.8%	Final FY23 Payment Rates
651	Routine Home Care (days 1-60)	\$203.40	X 1.0007	X 1.018	\$207.27
651	Routine Home Care (days 61+)	\$160.74	X 1.0006	X 1.018	\$163.78
652	Continuous Home Care Full rate = 24 hours of care	\$1,437.14 (\$59.88 per hour)	X 1.0026	X 1.018	\$1,492.72 (\$62.20 per hour)
655	Inpatient Respite Care	\$465.16	X 1.0007	X 1.018	\$482.62
656	General Inpatient Care	\$1,049.43	X 1.0017	X 1.018	\$1,089.36

Permanent 5% Cap When Wage Index Values Decrease Year-by-Year

CMS has finalized a 5% cap on wage index decreases with the goal of alleviating short-term instability and fluctuations in payments for providers. The cap would apply for FY23 calculations and all subsequent fiscal years. The 5% cap would apply to the prior year's wage index.

Final FY23 Hospice Payment Update Percentage and Cap Amount

CMS calculations:

1. Update hospice payments using the methodology outlined and apply the 2018-based IPPS market basket update for FY23 of 4.1%, reduced by the statutorily required productivity adjustment of 0.3% along with the wage index budget neutrality adjustment to update the payment rates.
2. Use the FY23 hospice wage index which uses the FY23 pre-floor, pre-reclassified IPPS hospital wage index as its basis.
3. FY23 cap amount is updated at the same percentage (3.8%) as the rates, at **\$32,486.92** for FY23.

Updates to the Hospice Quality Reporting Program

Hospice Outcomes & Patient Evaluation (HOPE) Update

HOPE is “an on-going patient assessment instrument designed to capture patient and family care needs throughout the hospice stay.” HOPE will be a multidisciplinary assessment intended to be completed by members of the nursing, social work, and spiritual care teams. Additional testing and review of the tool will continue through FY23. Comments about HOPE can be sent to HospiceAssessment@cms.hhs.gov and additional opportunities for stakeholder engagement can be found on the [CMS website](#).

Update on Future Quality Measure (QM) Development

CMS is requesting comment on “health equity initiatives and a structural composite measure concept to inform future measure development.” CMS has announced a Technical Expert Panel (TEP) to review potential new process measures which may be proposed in future rulemaking, and certain measures are currently being developed and tested in NQF workgroups. CMS continues to consider quality measures utilizing multiple data sources.

Update to CAHPS® Hospice Survey Participation Requirements for the FY23 APU and Subsequent Years

CMS is testing a web-based mode to CAHPS® Hospice Survey and its effect on survey response and scores, as well as a shortened version of the survey. The results of this testing are ongoing and will be communicated through regular stakeholder communication. No changes are included in this rule.

Volume-Based Exemption for CAHPS® Hospice Survey Data Collection and Reporting Requirements

There will be no changes to the volume-based exemption for the CAHPS® Hospice Survey Data Collection and Reporting requirements. Providers should continually assess their survey volume thresholds and must resubmit volume-based exemption requests no later than December 31 of each collection year.

Newness Exemption for CAHPS Hospice Survey Data Collection and Public Reporting Requirements

CMS will continue the newness exemption for FY23 and all subsequent years. Providers are encouraged to keep their letter with their CMS Certification Number (CCN).

Hospice CAHPS® Survey Star Ratings

CAHPS star rating will be publicly reported on Care Compare on Medicare.gov starting in August 2022. Star rating appeared in preview reports for the November 2021, as well as March and May 2022 preview periods.

Request for Information related to the HQRP Health Equity Initiative

CMS appreciates the feedback provided and noted it will advise the development of efforts focused on health equity and social determinants of health in the HQRP. CMS stated the comments were supportive of gathering standardized data and additional social determinants of health (SDoH) data. CMS also acknowledged the variance in hospice readiness, resources, and progress towards health equity initiatives and will take this into consideration when developing any health equity initiatives.

Similar to the HQRP data, CMS acknowledged general support for developing a structural composite measure with a delay in public reporting for the possible development of a Technical Expert Panel (TEP) implementation, and testing of the measure. Comments also requested the data be meaningful and actionable while balancing administrative and resource burdens. Below are some of CMS’ key takeaways from each of the domains CMS requested feedback on:

1. Strategic plans are a starting point to address health equity but do not assess if outcomes have

- improved.
2. Culturally and linguistically appropriate services (CLAS) training were supported while also acknowledging some hospices need organizational training on SDoH. Data recommended to be collected included access to healthy foods, neighborhood safety, housing stability, income level, education quality, and transportation availability.
 3. Although improving organizational culture of equity through hiring practices was supported, it was acknowledged it is not the only way to promote a culture of equity, especially with the current workforce shortages.

CAA 2021, Section 407. Establishing Hospice Program Survey and Enforcement Procedures Under the Medicare Program; Provisions Update

CMS announced the establishment of a Technical Expert Panel (TEP) which will meet during 2022. The TEP will develop a proposal for implementing a hospice Special Focus Program (SFP) as part of the new hospice survey and enforcement requirements. The SFP will be designed for low performing hospices, which could be enrolled in the Special Focus Program and have other enforcement remedies, such as civil monetary penalties, implemented at the same time. The TEP will focus on establishing the implementation processes for the hospice SFP and include them in the FY 2024 proposed rule. NHPCO will provide updates as more information on the TEP becomes available.

Next Steps

If you have questions, please email Regulatory@NHPCO.org with “FY23 Wage Index and Payment Update” in the subject line. Questions or comments related to quality should be directed to Quality@NHPCO.org.

Also, join August [Regulatory Office Hours](#) on August 19 from 12-1p.m. ET or [Quality Office Hours](#) on August 9 from 1-2p.m. ET to discuss the rule further.

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