



CMS issues hospice payment rate final rule for FY2020

August 5, 2019

On July 31, 2019, the Centers for Medicare & Medicaid Services (CMS) finalized the hospice payment rule ([CMS-1714-F](#)), which is scheduled to be published on August 6, 2019. The rule updates hospice payment rates, wage index and the cap amount for fiscal year (FY) 2020. The rule also modifies the required contents of the hospice election statement but delays the effective date of that change until October 1, 2020. Highlights of the final rule are below.

Payment rate increases. Hospice payment rates are updated by 2.6 percent, which amounts to a \$520 million increase in payments. This \$520 million pay bump is smaller than anticipated, as CMS [initially proposed](#) a 2.7-percent payment update in April 2019. The rule rebases per diem payment rates for continuous home care (CHC), general inpatient care (GIP) and inpatient respite care (IRC) in a budget-neutral manner as statutorily required. Accordingly, the rate increases for those services necessitated a reduction to the routine home care (RHC) rate. According to CMS, the purpose of the rate rebasing is to more accurately align payments with the costs of providing care in the different settings affected by the changes.

Annual cap increase and wage index calculation. CMS also increased the statutory aggregate cap that limits overall annual payments that a hospice may receive per patient in proportion to the hospice payment update, increasing the FY2019 cap by 2.6 percent to \$29,964.78. In addition, this rule changes the hospice wage index to remove the one-year lag in data by using the current year's hospital wage data to establish the hospice wage index.

Election statements. Finally, according to CMS, the rule aims to increase transparency for patients considering hospice by adding to the information required on election statements. Starting October 1, 2020, hospices are required to provide, upon request, an addendum to the hospice election statement that lists those items, services and drugs the hospice has determined to be

unrelated to the terminal illness and related conditions, as well as the rationale behind the determinations.

Authors

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