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perspectives

***An Analysis and Commentary on Federal Health Care Issues
by Larry Goldberg***

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CMS Releases Proposed FY 2021 Hospice Wage Index and Payment Rate Update



The Centers for Medicare and Medicaid Services (CMS) have issued a proposed rule that would update hospice payment rates, wage index values, and cap amount for fiscal year (FY) 2021.

This rule also proposes changes to the hospice wage index by adopting the most recent Office of Management and Budget statistical area delineations, with a 1-year 5.0 percent cap on any reductions.

Finally, this proposed rule summarizes the changes to the hospice election statement finalized in the FY 2020 Hospice Wage Index and Rate Update final rule, and provides hospices with a model election statement and sample addendum.

The 56-page document is scheduled for publication in the ***Federal Register*** on April 15 . A copy is currently available at:

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2019-08143.pdf>. This link will change upon publication. A 60-day comment period ending June 9 is provided.

CMS says the overall economic impact of this proposed rule is estimated to be \$580 million in increased payments to hospices for FY 2021.

Proposed Hospice PPS Rate Setting and FY 2021 Updates

Hospice Market Basket Update

The proposed hospice payment update percentage for FY 2021 is based on the current estimate of an inpatient hospital market basket update of 3.0 percent.

The inpatient hospital market basket update for FY 2021 of 3.0 percent must be reduced by a multi-factor productivity (MFP) adjustment as mandated by ***Affordable Care Act*** (currently estimated to be 0.4 percentage point for FY 2021). In effect, the proposed hospice payment update percentage for FY 2021 would be **2.6 percent**.

Labor Share

Currently, the labor portion of the hospice payment rates is as follows: For RHC, 68.71 percent; for CHC, 68.71 percent; for General Inpatient Care, 64.01 percent; and for Respite Care, 54.13 percent. The non-labor portion is equal to 100 percent minus the labor portion for each level of care.

Therefore, the non-labor portion of the payment rates are as follows: For RHC, 31.29 percent; for CHC, 31.29 percent; for General Inpatient Care, 35.99 percent; and for Respite Care, 45.87 percent.

Rates

There are four payment categories that are distinguished by the location and intensity of the services provided. The base payments are adjusted for geographic differences in wages by multiplying the labor share, which varies by category, of each base rate by the applicable hospice wage index.

The proposed FY 2021 payment rates for CHC, IRC, and GIP are shown below:

Proposed FY 2021 Hospice RHC Payment Rates

Code	Description	FY 2020 Payment Rates	Wage Index Standardization Factor	Proposed FY 2021 Hospice payment update percentage	Proposed FY 2021 Payment Rates
651	Routine Home Care (days 1-60)	\$194.50	X 0.9989	X 1.026	\$199.34
651	Routine Home Care (days 61+)	\$153.72	X 0.9990	X 1.026	\$157.56

The proposed FY 2021 payment rates for CHC, IRC, and GIP are shown below:

Proposed FY 2021 Hospice Payment Rates for CHC, IRC, and GIP

Code	Description	FY 2020 Payment Rates	Wage Index Standardization Factor	Proposed FY 2021 Hospice Payment Update	Proposed FY 2021 Payment Rates
652	Continuous Home Care Full Rate= 24 hours of care	\$1,395.63	X 0.9991	X 1.026	\$1,430.63 (59.61 per Hour)
655	Inpatient Respite Care	\$450.10	X 0.9993	X 1.026	\$461.48
656	General Inpatient Care	\$1,021.25	X 0.9988	X 1.026	\$1,046.55

For hospices that fail to meet quality reporting requirements the payment update factor reduced by 2.0 percent.

Hospice Wage Index

The proposed hospice wage index applicable for FY 2021 is available at:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html>.

CMS is proposing to adopt the updates to the OMB delineations announced in OMB Bulletin No. 18-04 effective beginning in FY 2021. A March 6, 2020 OMB Bulletin 20-01 was not issued in time for

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development of this proposed rule. CMS says it intends to propose any updates from this bulletin in the FY 2022 SNF PPS proposed rule.

In addition, CMS is proposing to implement a 1-year transition policy under which the agency would apply a 5.0 percent cap in FY 2021 on any decrease in a hospital’s wage index compared to its wage index for the prior fiscal year (FY 2020). This transition policy would be for a 1-year period, going into effect October 1, 2020, and continuing through September 30, 2021. No cap would be applied to any reductions in the wage index for FY 2022.

Urban Counties Becoming Rural

The table below lists the 34 counties that would change to rural status if CMS finalizes its proposal to implement the new OMB delineations.

Counties that Would Change to Rural Status

County Name	State	CBSA	CBSA Name
BAKER	GA	10500	Albany, GA
NEWTON	TX	13140	Beaumont-Port Arthur, TX
GOLDEN VALLEY	MT	13740	Billings, MT
WALKER	AL	13820	Birmingham-Hoover, AL
SIOUX	ND	13900	Bismarck, ND
FLOYD	VA	13980	Blacksburg-Christiansburg-Radford, VA
DE WITT	IL	14010	Bloomington, IL
FORD	IL	16580	Champaign-Urbana, IL
BUCKINGHAM	VA	16820	Charlottesville, VA
ARANSAS	TX	18580	Corpus Christi, TX
MC DONALD	MO	22220	Fayetteville-Springdale-Rogers, AR-MO
LE FLORE	OK	22900	Fort Smith, AR-OK
WELLS	IN	23060	Fort Wayne, IN
HOOD	TX	23104	Fort Worth-Arlington, TX
SOMERVELL	TX	23104	Fort Worth-Arlington, TX
HAMILTON	NE	24260	Grand Island, NE
BARRY	MI	24340	Grand Rapids-Wyoming, MI
KALAWAO	HI	27980	Kahului-Wailuku-Lahaina, HI
VAN BUREN	MI	28020	Kalamazoo-Portage, MI
SCOTT	IN	31140	Louisville/Jefferson County, KY-IN
TRIMBLE	KY	31140	Louisville/Jefferson County, KY-IN
BENTON	MS	32820	Memphis, TN-MS-AR
SIBLEY	MN	33460	Minneapolis-St. Paul-Bloomington, MN-WI
HICKMAN	TN	34980	Nashville-Davidson--Murfreesboro--Franklin, TN
GULF	FL	37460	Panama City, FL
CUSTER	SD	39660	Rapid City, SD
CAROLINE	VA	40060	Richmond, VA

County Name	State	CBSA	CBSA Name
WEBSTER	LA	43340	Shreveport-Bossier City, LA
PLYMOUTH	IA	43580	Sioux City, IA-NE-SD
UNION	SC	43900	Spartanburg, SC
PEND OREILLE	WA	44060	Spokane-Spokane Valley, WA
COLUMBIA	WA	47460	Walla Walla, WA
PULASKI	GA	47580	Warner Robins, GA
KINGMAN	KS	48620	Wichita, KS

Rural Counties Becoming Urban

CMS says if it finalizes this proposal to implement the new OMB delineations a total of 47 counties (and county equivalents) that are currently designated rural would be considered urban beginning in FY 2021. The table below lists the 47 counties.

Counties that Would Change to Urban Status

FIPS County Code	County/County Equivalent	State Name	New CBSA	CBSA Name
01063	Greene	AL	46220	Tuscaloosa, AL
01129	Washington	AL	33660	Mobile, AL
05047	Franklin	AR	22900	Fort Smith, AR-OK
12075	Levy	FL	23540	Gainesville, FL
13259	Stewart	GA	17980	Columbus, GA-AL
13263	Talbot	GA	17980	Columbus, GA-AL
16077	Power	ID	38540	Pocatello, ID
17057	Fulton	IL	37900	Peoria, IL
17087	Johnson	IL	16060	Carbondale-Marion, IL
18047	Franklin	IN	17140	Cincinnati, OH-KY-IN
18121	Parke	IN	45460	Terre Haute, IN
18171	Warren	IN	29200	Lafayette-West Lafayette, IN
19015	Boone	IA	11180	Ames, IA
19099	Jasper	IA	19780	Des Moines-West Des Moines, IA
20061	Geary	KS	31740	Manhattan, KS
21043	Carter	KY	26580	Huntington-Ashland, WV-KY-OH
22007	Assumption	LA	12940	Baton Rouge, LA
22067	Morehouse	LA	33740	Monroe, LA
25011	Franklin	MA	44140	Springfield, MA
26067	Ionia	MI	24340	Grand Rapids-Kentwood, MI
26155	Shiawassee	MI	29620	Lansing-East Lansing, MI
27075	Lake	MN	20260	Duluth, MN-WI

FIPS County Code	County/County Equivalent	State Name	New CBSA	CBSA Name
28031	Covington	MS	25620	Hattiesburg, MS
28051	Holmes	MS	27140	Jackson, MS
28131	Stone	MS	25060	Gulfport-Biloxi, MS
29053	Cooper	MO	17860	Columbia, MO
29089	Howard	MO	17860	Columbia, MO
30095	Stillwater	MT	13740	Billings, MT
37007	Anson	NC	16740	Charlotte--Concord-Gastonia, NC-SC
37029	Camden	NC	47260	Virginia Beach-Norfolk-Newport News, VA-NC
37077	Granville	NC	20500	Durham-Chapel Hill, NC
37085	Harnett	NC	22180	Fayetteville, NC
39123	Ottawa	OH	45780	Toledo, OH
45027	Clarendon	SC	44940	Sumter, SC
47053	Gibson	TN	27180	Jackson, TN
47161	Stewart	TN	17300	Clarksville, TN-KY
48203	Harrison	TX	30980	Longview, TX
48431	Sterling	TX	41660	San Angelo, TX
51097	King and Queen	VA	40060	Richmond, VA
51113	Madison	VA	47894	Washington-Arlington-Alexandria, DC-VA-MD-WV
51175	Southampton	VA	47260	Virginia Beach-Norfolk-Newport News, VA-NC
51620	Franklin City	VA	47260	Virginia Beach-Norfolk-Newport News, VA-NC
54035	Jackson	WV	16620	Charleston, WV
54065	Morgan	WV	25180	Hagerstown-Martinsburg, MD-WV
55069	Lincoln	WI	48140	Wausau-Weston, WI
72001	Adjuntas	PR	38660	Ponce, PR
72083	Las Marias	PR	32420	Mayagüez, PR

The table below lists the urban counties that would move from one urban CBSA to a newly or modified CBSA if CMS adopts the new OMB delineations.

Counties that Would Change to a Different CBSA

Previous CBSA	New CBSA	County	State
16974	16984	COOK	IL
16974	16984	DU PAGE	IL
16974	16984	GRUNDY	IL
16974	20994	KENDALL	IL
16974	16984	MC HENRY	IL
16974	16984	WILL	IL

Previous CBSA	New CBSA	County	State
20524	39100	DUTCHESS	NY
20524	35614	PUTNAM	NY
26580	16620	LINCOLN	WV
28940	34100	GRAINGER	TN
35084	35154	SOMERSET	NJ
35614	35154	MIDDLESEX	NJ
35614	35154	MONMOUTH	NJ
35614	35154	OCEAN	NJ
35614	39100	ORANGE	NY
38660	49500	GUANICA	PR
38660	49500	GUAYANILLA	PR
38660	49500	PENUELAS	PR
38660	49500	YAUCO	PR

Proposed Hospice Cap Amount for FY 2021

The proposed hospice cap amount for the FY 2021 cap year would be \$30,743.86 which is equal to the FY 2020 cap amount (\$29,964.78) updated by the proposed FY 2021 hospice payment update percentage of 2.6 percent.

Proposed Election Statement Content Modifications and Proposed Addendum to Provide Greater Coverage Transparency and Safeguard Patient Rights

CMS is providing model examples of the hospice election statement and the hospice election statement addendum that reflect the changes finalized in the FY 2020 hospice final rule to assist hospices in understanding the content requirements for hospice elections beginning on and after October 1, 2020. These requirements were finalized in order to increase coverage transparency for beneficiaries electing the Medicare hospice benefit.

Updates to the Hospice Quality Reporting Program (HQRP)

There are no proposals or updates in this proposed rule to the Hospice Quality Reporting Program.

Final Comment

With the changes being proposed regarding the wage index, providers need to check the wage index tables on the CMS web site to avoid possible payment reductions.