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perspectives

***An Analysis and Commentary on Federal Health Care Issues
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CMS Releases Proposed FY 2020 Hospice Wage Index, Payment Rate and Quality Reporting Requirements



The Centers for Medicare and Medicaid Services (CMS) have issued a proposed rule that would update hospice payment rates, wage index values, and quality reporting items for fiscal year (FY) 2020.

The rule also proposes to rebase the continuous home care (CHC), general inpatient care (GIP), and the inpatient respite care (IRC) per diem payment rates in a budget-neutral manner “to more accurately align Medicare payments with the costs of providing care.”

Further, the rule proposes to modify the election statement requirements to require the hospice to include additional information aimed at increasing coverage transparency for patients that elect hospice.

CMS is proposing to use the FY 2020 pre-floor, pre-reclassified hospital wage index data for the FY 2020 hospice wage index rather than using the FY 2019 pre-floor, pre-reclassified hospital wage index data.

Finally, CMS will continue its work “to modernize and strengthen Medicare operations through proposals to the Hospice Quality Reporting Program (HQRP).”

The 147-page document is scheduled for publication in the **Federal Register** on April 25th. 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 18th is provided.

CMS estimates that aggregate payments to hospices in FY 2020 will increase by \$540 million.

Proposed Hospice Rebasing

CMS is proposing: to rebase the payment rates for CHC and GIP and set these rates equal to their estimated FY 2019 average costs per day. CMS is also proposing to rebase the payment rate for IRC and set this rate equal to the estimated FY 2019 average cost per day, with a reduction of 5.0 percent to the estimated FY 2019 average cost per day to account for coinsurance.

Further, CMS is proposing a 2.71 percent reduction to the RHC payment rates to offset the proposed increases to the CHC, IRC, and GIP payment rates as the proposed increases in the payment rates for these three levels of care must be implemented in a budget-neutral manner.

Proposed FY 2020 Hospice Wage Index and Rate Update

FY 2019 Hospice Wage Index

The proposed hospice wage index applicable for FY 2020 (October 1, 2019 through September 30, 2020) is available at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html>.

Update Factor

The proposed hospice payment update percentage for FY 2020 is based on the estimated inpatient hospital market basket update of 3.2 percent. The **Affordable Care Act** (ACA) requires the update be reduced by a Multi Factor Productivity (MFP) amount currently estimated to be 0.5 percentage point for FY 2020. In effect, the proposed hospice payment update percentage for FY 2020 would be **2.7 percent**.

The hospice payment update percentage for facilities not submitting quality data would be 2.7 percent minus 2.0 percentage points or an increase of 0.7 percent.

Labor Portions

Currently, the labor portion of the hospice payment rates are 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.

Rates

The proposed FY 2020 Routine Home Care rates are shown in the tables below.

Proposed FY 2020 Hospice RHC Payment Rates

Code	Description	Proposed FY 2019 Budget Neutral RHC Payment Rates*	Service Intensity Add-on (SIA) Budget Neutrality Factor (SBNF)	Wage Index Standardization Factor **	Proposed FY 2020 Hospice payment update percentage	Proposed FY 2020 Payment Rates
651	Routine Home Care (days 1-60)	\$190.93	X 0.9924	X 1.0009	X 1.027	\$195.66
651	Routine Home Care (days 61+)	\$150.03	X 0.9982	X 1.0007	X 1.027	\$154.63

*FY 2019 RHC payment rate for days 1-60: = \$196.25 * 0.9729 = \$190.93. FY 2019 RHC payment rate for days 61+ = \$154.21 * 0.9729 = \$150.03

**Transition from FY 2019 Wage Index to FY 2020 Wage Index without 1-Year Lag

The proposed FY 2020 payment rates for CHC, IRC, and GIP are shown in the table below.

Proposed FY 2020 Hospice Payment Rates for CHC, IRC, and GIP

Code	Description	Proposed FY 2019 Rebased Payment Rates	Wage Index Standardization Factor	Proposed FY 2020 Hospice Payment Update	Proposed FY 2020 Payment Rates
652	Continuous Home Care Full Rate= 24 hours of care \$56.80 = hourly rate	\$1,363.26	X 1.0041	X 1.027	\$1,405.81

Code	Description	Proposed FY 2019 Rebased Payment Rates	Wage Index Standard-ization Factor	Proposed FY 2020 Hospice Payment Update	Proposed FY 2020 Payment Rates
655	Inpatient Respite Care	\$435.82	X 1.0049	X 1.027	\$449.78
656	General Inpatient Care	\$994.45	X 1.0060	X 1.027	\$1,027.43

For hospices that fail to meet quality reporting requirements the payments are reduced by 2.0 percent.

Comment

The current FY 2019 rates are as follows: RHC days 1-60=\$196.25; RHC days 61+=\$154.21; CHC=\$998.38; IRC=\$176.01; GIC=\$758.07

Proposed Hospice Cap Amount for FY 2020

The proposed hospice cap amount for the FY 2020 cap year would be \$29,993.99, which is equal to the FY 2019 cap amount (\$29,205.44) updated by the proposed FY 2020 hospice payment update percentage of 2.7 percent.

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

CMS is proposing to modify the existing hospice election statement content requirements to increase coverage transparency for patients that choose to elect hospice. Hospices would be required to provide, upon request, an election statement addendum with a list and rationale for items, drugs, and services that the hospice has determined to be unrelated to the terminal illness and related conditions to the beneficiary (or representative), other providers that are treating such conditions, and to Medicare contractors. "Having this information and education will empower patients to make an informed decision when deciding to elect hospice."

Comment

CMS spends considerable time discussing the changes envisioned in this proposal – some 31 pages of the rule's overall 147 pages.

Updates to the Hospice Quality Reporting Program (HQRP)

CMS proposes to continue data collection on the measure "Hospice Visits over the Last 7 Days," one of the companion measures in the "Hospice Visits When Death Is Imminent" measure pair, but proposes not to publicly report this measure at this time. This measure identifies if hospice patients received at least one hospice visit from a medical social worker, chaplain or spiritual counselor, licensed practical nurse, or aide during their final seven days of life, and is calculated using data from the Hospice Item Set. CMS has decided not to publicly report this measure at this time to allow for further testing to determine if changes to the measure specifications or how it is displayed on Hospice Compare are needed.

CMS also proposes a change to an exemption from the Consumer Assessment of Healthcare Providers and Systems (CAHPS®) Hospice Survey participation requirements.

Comment

This year's proposed quality item discussions and changes are relatively short. Some 22 pages.

The payment rates and updates are simple and straight forward. The quality components require much more attention.

As we have noted in many previous analyses, the issue of quality and quality reporting continues to grow and grow exponentially. All have a significant impact and burden on providers and provider payments.

CMS is rushing to implement quality items as it wants to move away from so-called volume performance to quality performance. A worthwhile goal, but, as we have previously noted, are the quality measures truly measuring quality, and at what cost?