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perspectives

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

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CMS Posts Final FY 2023 Hospice Wage Index and Payment Rate Update



The Centers for Medicare and Medicaid Services (CMS) have issued a final rule updating the hospice payment rates, wage index and aggregate cap amount for Fiscal Year (FY) 2023. In addition, the rule updates the Hospice Quality Reporting Program (HQRP) including the Hospice Outcomes and Patient Evaluation tool; an update on Quality Measures (QMs) that will be in effect in FY 2023 for the HQRP and future QMs; updates to the Consumer Assessment of Healthcare Providers and Systems, and Hospice Survey Mode Experiment.

A copy of the 90-page rule is at:
<https://public-inspection.federalregister.gov/2022-16214.pdf>.
Publication is scheduled for July 29.

Comment

As required by OMB, CMS provides the following table to explain the changes in overall payments to hospices.

Category	Transfers
Annualized Monetized Transfers	\$ 825 million*
From Whom to Whom?	Federal Government to Medicare Hospices

**The increase of \$825 million in transfer payments is a result of the 3.8 percent hospice payment update compared to payments in FY 2022.*

CMS estimates that the aggregate impact of the payment provisions in this final rule would result in an estimated increase of \$825 million in payments to hospices, resulting from a hospice payment update percentage of 3.8 percent.

Provisions of the Rule

FY 2023 Hospice Wage Index and Rate Update

CMS will use the FY 2023 pre-floor, pre-reclassified hospital wage index data as the basis for the FY 2023 hospice wage index.

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The hospice wage index applicable (October 1, 2022 through September 30, 2023) is available on the CMS website at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html>.

CMS is finalizing for FY 2023 and subsequent years the application of a permanent 5.0 percent cap on any decrease to a geographic area’s wage index from its wage index in the prior year, regardless of the circumstances causing the decline. That is, a geographic area’s wage index for FY 2023 would not be less than 95 percent of its final wage index for FY 2022, regardless of whether the geographic area is part of an updated CBSA, and that for subsequent years, a geographic area’s wage index would not be less than 95 percent of its wage index calculated in the prior FY.

FY 2023 Hospice Payment Update Percentage

Based on the IHS Global Inc. second quarter 2022 forecast with historical data through first quarter 2022, CMS is projecting a FY 2023 IPPS market basket update of 4.1 percent and productivity adjustment of minus 0.3 percentage point. Therefore, for FY 2023 a final hospice payment update of 3.8 percent (4.1 percent less 0.3 percentage point) will be applicable, compared to 2.7 percent as proposed.

Labor Share

The final rule does not identify the current labor shares. The table below is from the final FY 2022 Hospice rule.

Current Labor Shares by Level of Care

	Labor Share	Non-Labor Share
Routine Home Care	66.0 Percent	34.0 Percent
Continuous Home Care	75.2 Percent	24.8 Percent
Inpatient Respite Care	61.0 Percent	39.0 Percent
General Inpatient Care	63.5 Percent	36.5 Percent

FY 2023 Hospice Payment Rates

The FY 2023 RHC rates and the FY 2023 payment rates for CHC, IRC, and GIP are shown in the tables below.

FY 2023 Hospice RHC Payment Rates

Code	Description	FY 2022 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization on Factor	FY 2023 Hospice Payment Update	FY 2023 Payment Rates
651	Routine Home Care (days 1-60)	\$203.40	1.0003	1.0007	X 1.038	\$211.34
651	Routine Home Care (days 61+)	\$160.74	1.0003	1.0006	X 1.038	\$167.00

FY 2023 Hospice CHC, IRC, and GIP Payment Rates

Code	Description	FY 2022 Payment Rates	Wage Index Standardization Factor	FY 2023 Hospice Payment Update	FY 2023 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care	\$1,462.52	1.0026	X 1.038	\$1,522.04
655	Inpatient Respite Care	\$473.75	1.0007	X 1.038	\$492.10
656	General Inpatient Care	\$1,068.28	1.0017	X 1.038	\$1,110.76

The FY 2023 rates for hospices that do not submit the required quality data would be updated by the FY 2023 hospice payment update percentage of 3.8 percent minus 2.0 percentage points.

Hospice RHC Payment Rates for Hospices That *DO NOT* Submit the Required Quality Data

Code	Description	FY 2022 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	FY 2023 Hospice Payment Update of 3.8% minus 2.0 percentage points = 1.8%	FY 2023 Payment Rates
651	Routine Home Care (days 1-60)	\$203.40	1.0003	1.0007	1.018	\$207.27
651	Routine Home Care (days 61+)	\$160.74	1.0003	1.0006	1.018	\$163.78

FY 2023 Hospice CHC, IRC, and GIP Payment Rates for Hospices That *DO NOT* Submit the Required Quality Data

Code	Description	FY 2022 Payment Rates	Wage Index Standardization Factor	FY 2023 Hospice Payment Update of 3.8% minus 2.0 percentage points = 1.8%	FY 2023 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care.	\$1,462.52	1.0026	1.018	\$1,492.72
655	Inpatient Respite Care	\$473.75	1.0007	1.018	\$482.62
656	General Inpatient Care	\$1,068.28	1.0017	1.018	\$1,089.36

Comment

CMS notes that the Act requires that, beginning with FY 2014 through FY 2023, the Secretary shall reduce the market basket update by 2.0 percentage points and then beginning in FY 2024 and for each subsequent year, the Secretary shall reduce the market basket update by 4.0 percentage points for any hospice that does not comply with the quality data submission requirements for that fiscal year.

CMS says about 18 percent of Medicare-certified hospices are found non-compliant with the HQRP reporting requirements and subject to the APU payment reduction for a given fiscal year.

Hospice Cap Amount for FY 2023

The 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 FY 2023 hospice payment update percentage of 3.8 percent.

Updates to the Hospice Quality Reporting Program (HQRP)

The table below shows all quality measures finalized in the FY 2022 Hospice Wage Index and Payment Rate Update final rule and in effect for the FY 2023 HQRP.

Quality Measures Finalized in the FY 2022 Hospice Wage Index Final Rule and in Effect for FY 2023 for the Hospice Quality Reporting Program

Hospice Quality Reporting Program	
NQF	Hospice Item Set
3235	Hospice and Palliative Care Composite Process Measure—HIS-Comprehensive Assessment Measure at Admission includes: <ol style="list-style-type: none"> 1. Patients Treated with an Opioid who are Given a Bowel Regimen (NQF #1617) 2. Pain Screening 3. Pain Assessment 4. Dyspnea Treatment 5. Dyspnea Screening 6. Treatment Preferences Beliefs/Values Addressed (if desired by the patient)
Administrative Data, including Claims-based Measures	
3645	Hospice Visits in Last Days of Life (HVLDL)
Pending Endorsement	Hospice Care Index (HCI) <ol style="list-style-type: none"> 1. Continuous Home Care (CHC) or General Inpatient (GIP) Provided 2. Gaps in Skilled Nursing Visits 3. Early Live Discharges 4. Late Live Discharges 5. Burdensome Transitions (Type 1) – Live Discharges from Hospice Followed by Hospitalization and Subsequent Hospice Readmission 6. Burdensome Transitions (Type 2) – Live Discharges from Hospice Followed by Hospitalization with the Patient Dying in the Hospital 7. Per-beneficiary Medicare Spending 8. Skilled Nursing Care Minutes per Routine Home Care (RHC) Day 9. Skilled Nursing Minutes on Weekends 10. Visits Near Death

Hospice Quality Reporting Program	
CAHPS Hospice Survey	
2651	CAHPS Hospice Survey <ul style="list-style-type: none"> • Communication with Family • Getting timely help • Treating patient with respect • Emotional and spiritual support • Help for pain and symptoms • Training family to care for the patient • Rating of this hospice • Willing to recommend this hospice

The rule provides an update on the development of a patient assessment instrument, titled HOPE, which would contribute to a patient’s plan of care when adopted. This includes an update on the BETA testing and derivatives that will be achieved during this phase of testing, such as burden estimates and timepoints for collection, as well as additional outreach efforts that will be conducted during and after BETA testing and during our future plans for adoption.

CMS also discusses potential future quality measures within the HQRP based on HOPE and administrative data, including HOPE-based process measures and hybrid quality measures, which could be based upon multiple sources that include HOPE, claims, and other data sources.

The rule announces a potential future update to the CAHPS Hospice Survey, which is used to collect data on experiences of hospice care from primary caregivers of hospice patients. In particular, CMS is providing an update on a mode experiment whose goal was to test the effect of adding a web-based mode to the CAHPS Hospice Survey.

CMS is still seeking information on its Health Equity Initiative within the HQRP by describing the current assessment of health equity within hospice. CMS is also seeking input on a potential future structural measure as well as responses to specific questions that would further inform future efforts.

Final Comment

Again, the quality material is somewhat extensive. The quality “discussion” consumes nearly half of the rule. Much of the information centers on potential future items. No reporting changes appear for FY 2023.

The rule provides helpful “Final Decision” sections. However, the rule contains much too much unneeded history. In fact, the information found on pages 2 through 14 is nothing more than a history lesson in the development of the Hospice payment system beginning with the ***Omnibus Budget Reconciliation Act of 1989***.