

# WASHINGTON

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## perspectives

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

**July 31, 2023**

### **CMS Posts Final FY 2024 Hospice Wage Index and Payment Rate Update**



The Centers for Medicare and Medicaid Services (CMS) have issued its final rule updating the hospice payment rates, wage index and aggregate cap amount for Fiscal Year (FY) 2024.

The rule also discusses updates to the Hospice Quality Reporting Program (HQRP) and the further development of the Hospice Outcomes and Patient Evaluation (HOPE) tool with national beta test analyses; and discusses updates on Health Equity and future quality measures (QMs). It also provides updates on the Consumer Assessment of Healthcare Providers and Systems (CAHPS), Hospice Survey Mode Experiment.

In addition, the rule finalizes provider enrollment requirements for certifying physicians for hospice services, and also finalizes text changes to regulations that align with the expiration of the COVID-19 public health emergency (PHE).

A copy of the 101-page rule is at: <https://public-inspection.federalregister.gov/2023-16116.pdf>. Publication is scheduled for August 2, and, of course, this link will change upon publication.

#### **Comment**

CMS estimates that the aggregate impact of the payment provisions in this rule will result in an estimated increase of \$780 million in payments to hospices, resulting from a hospice payment update percentage of 3.1 percent. The proposed increase was \$720 million.

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

Category	Transfers
Annualized Monetized Transfers	\$780 million
From Whom to Whom?	Federal Government to Medicare Hospices
Category	Costs
Annualized Monetized Costs Associated with Changes in APU Reductions due to Data Submission Requirements	\$41.2 million

Since the final rule contains no table of contents, we are inserting relative page numbers from the rule’s display version.

**PROVISIONS OF THE RULE**

***FY 2024 Hospice Wage Index and Rate Update (Page 16)***

The final hospice wage index is based on the FY 2024 hospital pre-floor, pre-reclassified wage index for hospital cost reporting periods beginning on or after October 1, 2019 and before October 1, 2020 (FY 2020 cost report data). The final FY 2024 hospice wage index does not take into account any geographic reclassification of hospitals, including those in accordance with section 1886(d)(8)(B) or 1886(d)(10) of the Act.

The final hospice wage index applicable for FY 2024 (October 1, 2023 through September 30, 2024) is available on the CMS website at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html>.

The wage index value to the labor portion of the hospice payment rate is based on the geographic area in which the beneficiary resides when receiving routine home care (RHC) or continuous home care (CHC) and the geographic location of the facility for beneficiaries receiving general inpatient care (GIP) or inpatient respite care (IRC).

The hospice floor adjusts pre-floor, pre-reclassified hospital wage index values below 0.8 by a 15 percent increase subject to a maximum wage index value of 0.8.

***FY 2024 Hospice Payment Update Percentage (Page 23)***

Based on IHS Global Inc.’s (IGI) second quarter 2023 forecast with historical data through the first quarter of 2023, the inpatient hospital market basket percentage increase for FY 2024 is 3.3 percent. The forecast of the productivity adjustment for FY 2024 for this final rule, based on IGI’s second quarter 2023 forecast, is 0.2 percent. Therefore, the hospice payment update percentage for FY 2024, based on more recent data, is **3.1 percent**. The proposed update was 2.8 percent.

***Labor Share (Page 47)***

**Current Labor Shares by Level of Care**

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

**FY 2024 Hospice Payment Rates (Page 32)**

The FY 2024 final RHC rates and the FY 2024 payment rates for CHC, IRC, and GIP are shown in the tables below.

**FY 2024 Hospice RHC Payment Rates**

Code	Description	FY 2023 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization on Factor	Final FY 2024 Hospice Payment Update	Final FY 2024 Payment Rates
651	Routine Home Care (days 1-60)	\$211.34	1.0009	1.0011	X 1.031	<b>\$218.33</b>
651	Routine Home Care (days 61+)	\$167.00	1.0000	1.0011	X 1.031	<b>\$172.35</b>

**FY 2024 Hospice CHC, IRC, and GIP Payment Rates**

Code	Description	FY 2023 Payment Rates	Wage Index Standardization Factor	Final FY 2024 Hospice Payment Update	Final FY 2024 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care	\$1,522.04	0.9976	X 1.031	<b>\$1,565.46</b>
655	Inpatient Respite Care	\$492.10	1.0007	X 1.031	<b>\$507.71</b>
656	General Inpatient Care	\$1,110.76	1.0001	X 1.031	<b>\$1,145.31</b>

The Act requires that, for FY 2014 through FY 2023, the Secretary shall reduce the market basket percentage increase by 2 percentage points and beginning with the FY 2024 Annual Payment Update (APU) and for each subsequent year, the Secretary shall reduce the market basket percentage increase by 4 percentage points for any hospice that does not comply with the quality data submission requirements for that FY.

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

Code	Description	FY 2023 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	Final FY 2024 Hospice Payment Update of 3.1% minus 4.0 percentage points = -0.9%	Final FY 2024 Payment Rates
651	Routine Home Care (days 1-60)	\$211.34	1.0009	1.0011	0.991	\$209.86

Code	Description	FY 2023 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	Final FY 2024 Hospice Payment Update of 3.1% minus 4.0 percentage points = -0.9%	Final FY 2024 Payment Rates
651	Routine Home Care (days 61+)	\$167.00	1.0000	1.0010	0.991	\$165.66

**FY 2024 Hospice CHC, IRC, and GIP Payment Rates for Hospices That **DO NOT** Submit the Required Quality Data**

Code	Description	FY 2023 Payment Rates	Wage Index Standardization Factor	Final FY 2024 Hospice Payment Update of 3.1% minus 4.0 percentage points = -0.9%	Final FY 2024 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care.	\$1,522.04	0.9976	0.991	\$1,504.72
655	Inpatient Respite Care	\$492.10	1.0007	0.991	\$488.01
656	General Inpatient Care	\$1,110.76	1.0001	0.991	\$1,100.87

**Comment**

CMS says about 18.4 percent of Medicare-certified hospices are found non-compliant with the HQRP reporting requirements and subject to the payment reduction for a given fiscal year.

**Hospice Cap Amount for FY 2024 (Page 35)**

The hospice cap amount for the FY 2024 cap year is **\$33,494.01** which is equal to the FY 2023 cap amount (\$32,486.92) updated by the FY 2024 hospice payment update percentage of 3.1 percent.

**UPDATES TO THE HOSPICE QUALITY REPORTING PROGRAM (HQRP) (Page 39)**

The table below shows current quality measures finalized since the FY 2022 Hospice Wage Index and Payment Rate Update final rule.

**Quality Measures in Effect for the Hospice Quality Reporting Program**

Hospice Quality Reporting Program
Hospice Item set
Hospice and Palliative Care Composite Process Measure—HIS-Comprehensive Assessment Measure at Admission includes:
1. Patients Treated with an Opioid who are Given a Bowel Regimen
2. Pain Screening
3. Pain Assessment
4. Dyspnea Treatment
5. Dyspnea Screening

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<b>Hospice Quality Reporting Program</b>	
6.	Treatment Preferences
7.	Beliefs/Values Addressed (if desired by the patient)
<b>Administrative Data, including Claims-Based Measures</b>	
Hospice Visits in Last Days of Life (HVLDL)	
Hospice Care Index (HCI)	
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
<b>CAHPS Hospice Survey</b>	
CHAPS Hospital Survey	
1.	Communication with Family
2.	Getting timely help
3.	Treating patient with respect
4.	Emotional and spiritual support
5.	Help for pain and symptoms
6.	Training family to care for the patient
7.	Rating this hospice
8.	Willing to recommend this hospice

**Hospice Outcomes & Patient Evaluation (HOPE) Update (Page 41)**

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.

CMS now says it plans to provide additional information regarding HOPE testing results on the HQRP website in the fall of 2023.

**CAHPS Hospice Survey Updates (Page 52)**

Potential measure changes will be submitted to the Measures Under Consideration (MUC) process in 2023 and may be proposed in future rulemaking. CMS did not propose any changes for FY 2024.

**Hospice Certifying Physician Enrollment (Page 62)**

CMS will require physicians who order or certify hospice services for Medicare beneficiaries (hereafter occasionally referenced as “hospice physicians”) to be enrolled in or validly opted-out of Medicare as a prerequisite for the payment of the hospice service in question. This provision will be effective May 1, 2024.

**Final Thought**

While this is a relatively short rule, nonetheless, organizations should review the material in-depth to insure full understanding of items being presented. The hospice certifying provision consumes some 20 pages.

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