



News Flash – *ICD-10-CM/PCS Myths & Facts* (June 2009), which presents correct information in response to some myths regarding the ICD-10-Clinical Modification/Procedure Coding System, is now available in print format. To place your order, visit <http://www.cms.hhs.gov/MLNGenInfo/>, scroll down to “Related Links Inside CMS” and select “MLN Product Ordering Page”.

MLN Matters® Number: MM6606

Related Change Request (CR) #: 6606

Related CR Release Date: August 14, 2009

Effective Date: October 1, 2009

Related CR Transmittal #: R1796CP

Implementation Date: October 5, 2009

Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2010

Provider Types Affected

Hospice providers submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), Part A/B Medicare Administrative Contractors (A/B MACs), and/or Regional Home Health Intermediaries (RHHIs)) for services provided to Medicare beneficiaries.

What You Need to Know

This article is based on Change Request (CR) 6606 which provides the annual update to the hospice payment rates for FY 2010, the hospice aggregate cap amount for the cap period ending October 31, 2009, and the hospice wage index and Pricer for FY 2010. Be sure your billing staffs are aware of these changes, which are described in the Background section, below.

Background

The Centers for Medicare & Medicaid Services (CMS) updates the payment for hospice care, the hospice aggregate cap amount, and the hospice wage index annually.

- The Social Security Act (Section 1814(i)(1)(C)(ii)) (the Act) stipulates that the **payments for hospice care** for fiscal years after 2002 will increase by the market basket percentage increase for that fiscal year (FY), and this payment

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methodology has been codified in the Code of Federal Regulations (Title 42, Section 418.306 (a)&(b)).

You can review the Social Security Act, Section 1814(i)(1)(C)(ii) at

http://www.ssa.gov/OP_Home/ssact/title18/1814.htm, and

42CFR418.306(a)&(b) at

http://edocket.access.gpo.gov/cfr_2006/octqtr/pdf/42cfr418.306.pdf on the Internet.

- **The Hospice Aggregate Cap** amount is updated annually. Specifically, the cap amount is increased or decreased for accounting years after 1984 by the same percentage as the percentage increase or decrease (respectively) in the medical care expenditure category of the Consumer Price Index for all Urban Consumers.
- **The Hospice Wage Index**, used to adjust payment rates to reflect local differences in wages according to the revised wage index, is updated annually in accordance with recommendations made by a negotiated rulemaking advisory committee as published in the Federal Register on August 8, 1997 (see http://bulk.resource.org/gpo.gov/register/1997/1997_42883.pdf on the Internet) and on August 8, 2008 (see <http://edocket.access.gpo.gov/2008/pdf/E8-17795.pdf> on the Internet); and the Code of Federal Regulations (42 CFR 418.306(c)) requires that the updated hospice wage index be published annually in the Federal Register (see http://edocket.access.gpo.gov/cfr_2006/octqtr/pdf/42cfr418.306.pdf on the Internet.)

The annual hospice payment updates will be implemented through the Hospice Pricer software. The new Pricer module will not contain any new calculation logic, but will simply apply the existing calculation to the updated payment rates shown below. An updated table will be installed in the module, to reflect the FY 2010 hospice wage index.

FY 2010 Hospice Payment Rates

The FY 2010 payment rates will be the FY 2009 payment rates, increased by 2.1 percentage points, which is the total hospital market basket percentage increase forecasted for FY 2010. The FY 2010 hospice payment rates are shown in the following table and are effective for care and services furnished on or after October 1, 2009 through September 30, 2010.

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Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$142.91	\$ 98.19	\$ 44.72
652	Continuous Home Care Full Rate = 24 hours of care \$34.75= hourly rate	\$834.10	\$573.11	\$260.99
655	Inpatient Respite Care	\$147.83	\$ 80.02	\$ 67.81
656	General Inpatient Care	\$635.74	\$406.94	\$228.80

Reference to the hospice payment rate is discussed further in the *Medicare Claims Processing Manual*, Chapter 11 (Processing Hospice Claims), Section 30.2 (Payment Rates); see <http://www.cms.hhs.gov/manuals/downloads/clm104c11.pdf> on the CMS website.

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2009 is \$23,014.50. In computing the cap, CMS used the medical care expenditure category of the March 2009 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>), which was 373.189. The hospice cap is discussed further in the *Medicare Claims Processing Manual*, Chapter 11 (Processing Hospice Claims), Section 80.2 (Cap on Overall Hospice Reimbursement); see <http://www.cms.hhs.gov/manuals/downloads/clm104c11.pdf> on the CMS website).

Hospice Wage Index

The Hospice Wage Index final rule will be effective October 1, 2009 and the final rule for the 2010 Hospice Wage Index is available at <http://edocket.access.gpo.gov/2009/pdf/E9-18553.pdf> on the Internet. The revised wage index and payment rates will be incorporated in the hospice Pricer and forwarded to the intermediaries following publication of the wage index final rule.

Important Reminder: Hospice providers are encouraged to split claims when the dates of service span separate fiscal years, e.g., claims with September and October services. This allows Medicare systems to price the September services at the FY2009 rates and the October services at the FY2010 rates. If you do not split such claims, all the services will be paid using the FY2009 rates and

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your Medicare contractor will not perform subsequent adjustments for such claims paid totally at the 2009 rates.

Additional Information

You can find the official instruction, CR6606, issued to your FI, A/B MAC, or RHHI by visiting <http://www.cms.hhs.gov/Transmittals/downloads/R1796CP.pdf> on the CMS website.

If you have any questions, please contact your FI, MAC, or RHHI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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