

Small Entity Compliance Guide

Medicare Program; Fiscal Year (FY) 2025 Hospice Wage Index and Payment Rate Update, Hospice Conditions of Participation Updates, and Hospice Quality Reporting Program Requirements

CMS-1810-F; RIN 0938-AV29

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The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, Pub. L. 104-121, as amended by Pub. L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

This final rule is estimated to have a significant economic impact on a substantial number of small entities. The complete text of this final rule can be found on the CMS website by clicking on the link to “CMS-1810-F” at <https://www.cms.gov/medicare/payment/fee-service-providers/hospice/hospice-regulations-and-notices/cms-1810-f>.

Summary

The overall impact of the Fiscal Year (FY) 2025 Hospice Wage Index and Payment Rate Update final rule, as detailed in the Regulatory Flexibility Analysis (RFA) and Regulatory Impact Analysis (RIA) sections of the final rule and discussed below, reflects an estimated increase in payments to hospice providers.

We have prepared this guide to address the following provisions of the final rule:

Hospice Payment System

This final rule updates the payment rates for hospices for FY 2025, as required under section 1814 (i) of the Social Security Act (the Act), effective October 1, 2024.

The RFA requires agencies to analyze options for regulatory relief of small entities, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than \$9 million to \$47 million in any one year. For the purposes of the RFA, we consider all hospices small entities as that term is used in the RFA. Individuals and states are not included in the definition of a small entity. The economic impact assessment is based on estimated Medicare payments (revenues) and HHS’s practice in interpreting the RFA is to consider

effects economically “significant” only if greater than 5 percent of providers reach a threshold of 3 to 5 percent or more of total revenue or total costs. The majority of hospices visits are Medicare-paid visits and therefore the majority of hospices’ revenue consists of Medicare payments. The Secretary has determined that this final rule will have a significant economic impact on a substantial number of small entities. The overall impact of the FY 2025 hospice final rule, as detailed in the RFA and RIA sections of the final rule, reflects an estimated increase in payments to hospice providers. The overall impact in estimated total hospice payments in FY 2025 is an increase of approximately 2.9 percent. This change is based on the 3.4 percent inpatient hospital market basket percentage increase reduced by a final 0.5 percentage point productivity adjustment. The combined effects vary by specific types of providers and by location. Additionally, the simulated payments are based on utilization in FY 2023 as seen on Medicare hospice claims (accessed from the CCW on May 09, 2024) and only include payments related to the level of care and do not include payments related to the service intensity add-on.

Freestanding non-profit hospices are estimated to see a 3.1 percent increase and facility- based non-profit hospices are estimated to see a 2.2 percent increase in payments in CY 2025. Freestanding proprietary hospices are estimated to see a 2.9 percent increase and facility-based proprietary hospices are estimated to see a 2.9 percent increase in payments in CY 2025. Urban freestanding non-profit hospices are estimated to see a 3.1 percent increase in payments and urban facility-based non-profit hospices are estimated to see a 2.0 percent increase in payments. Rural freestanding non-profit hospices are estimated to see a 2.9 percent increase in payments for FY 2025 and rural facility-based proprietary hospices are estimated to see a 3.4 percent increase in payments. Based on the number of total hospices, the freestanding hospices are estimated to experience a 3.0 percent increase in payments for FY 2025. In contrast, the facility-based hospices are estimated to experience a 2.4 percent increase in payments for FY 2025. Government hospices are estimated to see a 2.7 percent increase in payments while other hospices are estimated to receive a 2.6 percent increase in payments in FY 2025.

We provide the following online manuals that present compliance information regarding our hospice regulations. The manuals are frequently updated to reflect the latest changes in Medicare hospice policy. These manuals serve, in part, as a system of small entity compliance guides that meet the letter and spirit of SBREFA.

Medicare Benefit Policy Manual; Chapter 9- Hospice Services:
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c09.pdf#page=8>
Medicare Claims Processing Manual; Chapter 11- Hospice Billing:
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c11.pdf>

We also conduct Open Door Forums (ODFs) to improve transparency in our policies. These forums provide small entities with an opportunity to obtain information, as

questions, and express their views to senior CMS officials on nearly all major HQRP regulatory issues, especially those that might affect providers in a new or burdensome way. As such, information on Home Health, **Hospice**, and Durable Medical Equipment ODFs can be found at https://www.cms.gov/Outreach-and-Education/Outreach/OpenDoorForums/ODF_HHHDME.html

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Hospice Quality Reporting Program (HQRP)

This final rule finalizes the Hospice Quality Reporting Program (HQRP) measures collected through a new collection instrument, the Hospice Outcomes and Patient Evaluation (HOPE); finalizes two HOPE-based measures and lays out the planned trajectory for further development of this instrument. Specifically, we finalize the addition of two process measures no sooner than FY 2028 to the HQRP calculated from data collected from HOPE: *Timely Follow-Up for Pain Impact* and *Timely Follow-Up for Non-Pain Symptom Impact*. In addition, the final rule discussed updates to potential future quality measures; future quality measures (QMs), and public reporting requirements. CMS also acknowledged responses on the request for information on potential social determinants of health (SDOH) elements. Finally, this rule also finalizes changes to the Hospice Consumer Assessment of Healthcare Providers and Systems (Hospice CAHPS) Survey.

To support hospices in implementing this final rule, there are several resources that are available to remain in compliance with new and current HQRP requirements. The HOPE Guidance Manual and related materials are available to support coding guidance is available on the CMS' HQRP HOPE webpage at: <https://www.cms.gov/medicare/quality/hospice/hope>

To support the appropriate submission of assessment data, users may reference the most up to date information available at: <https://www.cms.gov/medicare/quality/hospice/hqrp-requirements-and-best-practices>

To assist users in outlining current quality measures and the most updated calculation of measures, users can reference information at: <https://www.cms.gov/medicare/quality/hospice/current-measures>

To help providers address a range of questions, troubleshoot problems, and request guidance and support, the following website outlines contact information for Help Desks related to the HQRP: <https://www.cms.gov/medicare/quality/hospice/hqrp-help-desks>

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