

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 10929</b>	<b>Date: August 4, 2021</b>
	<b>Change Request 12354</b>

**This Transmittal is no longer sensitive and is being re-communicated. This instruction may now be posted to the Internet. Transmittal 10876, dated July 15, 2021, is being rescinded and replaced by Transmittal 10929, dated, August 4, 2021 to update the attached payment tables. All other information remains the same.**

**SUBJECT: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2022**

**I. SUMMARY OF CHANGES:** This Change Request (CR) updates the hospice payment rates, hospice wage index, and Pricer for FY 2022. The CR also updates the FY 2022 hospice aggregate cap amount. These updates apply to Pub 100-04, Chapter 11, section 30.2.

**EFFECTIVE DATE: October 1, 2021**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: October 4, 2021**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 10929	Date: August 4, 2021	Change Request: 12354
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## **I. GENERAL INFORMATION**

**A. Background:** Payment rates for hospice care, the hospice cap amount, and the hospice wage index are updated annually.

The law governing payment for hospice care requires annual updates to the hospice payment rates. Payment rates are updated annually according to section 1814(i)(1)(C)(ii)(VII) of the Social Security Act ("the Act"), which requires CMS to use the inpatient hospital market basket, adjusted for multifactor productivity (MFP) and other adjustments as specified in the Act, to determine the hospice payment update percentage.

The hospice cap amount is updated annually in accordance with § 1814(i)(2)(B) of the Act and provides for an increase (or decrease) in the hospice cap amount. For accounting years that end after September 30, 2016 and before October 1, 2025, the hospice cap is updated by the hospice payment update percentage. After FY 2025, the annual update to the cap amount would revert to the original methodology that updates the cap amount by the Consumer Price Index (CPI). This rule will extend the current calculation (i.e., hospital market basket reduced for multifactor productivity instead of the consumer price index) for updating the hospice cap amount through FY 2030 in accordance with the Consolidated Appropriations Act of 2021. Therefore, for accounting years that end after September 30, 2016 and before October 1, 2030, the hospice cap will be updated by the hospice payment update percentage.

The hospice wage index is used to adjust payment rates to reflect local differences in wages. The hospice wage index is updated annually as discussed in hospice rulemaking.

Section 3004 of the Affordable Care Act (ACA) amended the Act to authorize a quality reporting program for hospices. Section 1814(i)(5)(A)(i) of the Act requires that beginning with FY 2014 and each subsequent FY, the Secretary shall reduce the market basket update by 2 percentage points for any hospice that does not comply with the quality data reporting requirements with respect to that FY.

## **B. Policy: FY 2022 Hospice Payment Rates**

The hospice payment update percentage for Fiscal Year (FY) 2022 is based on the inpatient hospital market basket update of 2.7 percent. Due to the requirements at sections 1886(b)(3)(B)(xi)(II) and 1814(i)(1)(C)(v) of the Act, the inpatient hospital market basket update for FY 2022 of 2.7 percent must be reduced by an MFP

adjustment as mandated by Affordable Care Act (currently estimated to be 0.7 percentage point for FY 2022). In effect, the hospice payment update percentage for FY 2022 is 2.0 percent.

The FY 2022 hospice payment rates are effective for care and services furnished on or after October 1, 2021, through September 30, 2022. The hospice payment rates are discussed further in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

The FY 2022 hospice payment rates are shown in Tables 1 and 2 of the attachment.

Hospice Inpatient and Aggregate Caps

In the FY 2016 Hospice Wage Index and Payment Rate Update final rule (80 FR 47142), we finalized aligning the cap accounting year, for both the inpatient cap and the hospice aggregate cap, with the federal FY beginning in 2017. Therefore, the 2022 cap year will start on October 1, 2021 and end on September 30, 2022.

For the inpatient cap for the 2022 cap year, we will calculate the percentage of all hospice days that were provided as inpatient days (GIP care and Respite care) from October 1, 2021 through September 30, 2022.

The hospice cap amount for the 2022 cap year is equal to the FY 2021 cap amount (\$30,683.93) updated by the FY 2022 hospice payment update percentage of 2.0 percent. As such, the FY 2022 cap amount is \$31,297.61.

Hospice Wage Index

The revised payment rates and wage index will be incorporated in the Hospice Pricer and forwarded to the Medicare contractors. The wage index will **not** be published in the Federal Register but will be available on the CMS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>.

Hospice Labor Shares

The FY 2022 Hospice final rule revised the labor shares used to wage-adjust hospice payments for each level of care. The revised labor share for Routine Home Care is 66.00 percent and corresponding the non-labor share is 34.00 percent. The revised labor share for Continuous Home Care is 75.20 percent and the corresponding non-labor share is 24.80 percent. The revised labor share for Inpatient Respite Care is 61.00 percent and the corresponding non-labor share is 39.00 percent. The revised labor share for General Inpatient Care is 63.50 percent and the corresponding non-labor share is 36.50 percent.

**II. BUSINESS REQUIREMENTS TABLE**

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
12354.1	Medicare systems shall apply the FY 2022 rates for claims with dates of service on or after October 1,					X					

Number	Requirement	Responsibility										
		A/B MAC			D M E M A C	Shared-System Maintainers				Other		
		A	B	H H H		F I S S	M C S	V M S	C W F			
	2021 through September 30, 2022.											
12354.2	Medicare systems shall install the new Hospice Pricer software.						X					Hospice Pricer
12354.3	Medicare systems shall use a table of wage index values associated with Core Based Statistical Area (CBSA) codes for FY 2022 hospice payment calculation.						X					Hospice Pricer
12354.4	Contractors shall calculate hospices' aggregate cap amounts for the FY 2022 cap year, starting on October 1, 2021 and ending on September 30, 2022, based on the cap amount of \$31,297.61.			X								

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
12354.5	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the "MLN Matters" listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.			X		

### IV. SUPPORTING INFORMATION

#### Section A: Recommendations and supporting information associated with listed requirements:

*"Should" denotes a recommendation.*

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>
	N/A

**Section B: All other recommendations and supporting information:** N/A

## **V. CONTACTS**

**Pre-Implementation Contact(s):** Chantelle Caldwell, 410-786-8743 or chantelle.caldwell@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 1**

**Table 1: FY 2022 Hospice Payment Rates for Hospices that Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2022 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$203.40	\$134.24	\$69.16
651	Routine Home Care (days 61+)	\$160.74	\$106.09	\$54.65
652	Continuous Home Care  Full Rate = 24 hours of care  Hourly rate=\$60.94	\$1,462.52	\$1099.82	\$362.70
655	Inpatient Respite Care	\$473.75	\$288.99	\$184.76
656	General Inpatient Care	\$1,068.28	\$678.36	\$389.92

**Table 2: FY 2022 Hospice Payment Rates for Hospices that DO NOT Submit the Required Quality Data**

<b>Code</b>	<b>Description</b>	<b>FY 2022 Payment Rate</b>	<b>Labor Share</b>	<b>Non-Labor Share</b>
651	Routine Home Care (days 1-60)	\$199.41	\$131.61	\$67.80
651	Routine Home Care (days 61+)	\$157.58	\$104.00	\$53.58
652	Continuous Home Care  Full Rate = 24 hours of care  Hourly rate=\$59.74	\$1,433.84	\$1078.25	\$355.59
655	Inpatient Respite Care	\$464.46	\$283.32	\$181.14
656	General Inpatient Care	\$1,047.33	\$665.05	\$382.28