CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1280	**Date: JUNE 29, 2007**
	Change Request 5685

Subject: Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2008

I. SUMMARY OF CHANGES: This transmittal provides the annual update to the hospice payment calculations for FY 2008, and the hospice cap for the cap period ending October 31, 2007 and revises the Pricer software to reflect the annual update.

New / Revised Material
Effective Date: October 1, 2007
Implementation Date: October 1, 2007

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.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1280	Date: June 29, 2007	Change Request: 5685

SUBJECT : Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index and the Hospice Pricer for FY 2008

Effective Date: October 1, 2007

Implementation Date: October 1, 2007

I. GENERAL INFORMATION

A. Background: Payment for hospice care, the hospice cap amount, and the hospice wage index is updated annually. The law governing the payment for hospice care requires annual updates to the hospice payment rates. Section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) stipulates that the payments for hospice care for fiscal years after 2002 will increase by the market basket percentage increase for the fiscal year (FY). This payment methodology has been codified in regulations found at 42 CFR §418.306(a)(b).

The **Hospice Cap** 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. 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** is used to adjust payment rates to reflect local differences in wages according to the revised wage index. The Hospice 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. 42 CFR §418.306(C) requires that the updated hospice wage index be published annually as a notice in the **Federal Register**.

B. Policy: The annual hospice payment updates will be implemented through the Hospice Pricer software found in the intermediary standard systems. 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 2008 hospice wage index.

FY 2008 Hospice Payment Rates

The FY 2008 payment rates will be the FY 2007 payment rates, increased by 3.3 percentage points, which is the total hospital market basket percentage increase forecasted for FY 2008. The FY 2008 hospice payment rates are effective for care and services furnished on or after October 1, 2007 through September 30, 2008.

Reference to the hospice payment rate is discussed further in the Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 30.2.

Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	$135.11	$ 92.83	$ 42.28
652	Continuous Home Care Full Rate = 24 hours of care			

	$32.86 hourly rate	$788.55	$541.81	$246.74
655	Inpatient Respite Care	$139.76	$ 75.65	$ 64.11
656	General Inpatient Care	$601.02	$384.71	$216.31

Hospice Cap

The latest hospice cap amount for the cap year ending October 31, 2007 is $21,410.04. In computing the cap, we used the medical care expenditure category of the March 2007 Consumer Price Index for all Urban consumers, published by the Bureau of Labor Statistics (**http://www.bls.gov/cpi/home.htm**), which was 347.172. The hospice cap is discussed further in the Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 80.2.

Hospice Wage Index

The Hospice Wage Index notice will be effective October 1, 2007, and published in the **Federal Register** before that date. The revised wage index and payment rates will be incorporated in the hospice Pricer and forwarded to the intermediaries following publication of the notice.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DME RC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
5685.1	RHHIs shall encourage hospice providers to split claims if dates of service span separate fiscal years, e.g., September/October billing.						X					
5685.1.1	RHHIs shall alert hospices that the RHHI will use FY 2007 rates if the hospice chooses not to split the claim and that the RHHI will perform no subsequent adjustments to these claims.						X					
5685.2	Medicare systems shall apply the FY 2008 rates for claims with dates on or after October 1, 2007 through September 30, 2008.											Pricer
5685.3	Medicare systems shall use Core Based Statistical Area (CBSA) codes for purposes of wage index adjustment of hospice claims.						X	X				Pricer
5685.3.1	Medicare systems shall use a table of wage index values associated with CBSA codes for FY 2008 hospice payment calculations.											Pricer
5685.3.2	Medicare contractors shall update the hospice facility CBSA field on the provider specific file to indicate the CBSA code that corresponds to the state and						X					

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DME RC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
	county of the hospice's location if the value in that field had been a hospice special wage index code in FY 2007.											
5685.4	Medicare contractors shall instruct providers to submit the CBSA code corresponding to the state and county of the beneficiary's home in value code 61 on claims that include routine home care or continuous home care.						X					
5685.4.1	Medicare contractors shall instruct providers to use the Federal Register table associating states and counties to CBSA codes (codes in the range 10180 – 49740 and 01-65 rural state codes) to determine the code to report in value code 61.						X					
5685.5	Contractors shall calculate the cap amount as instructed in Pub. 100-04, Medicare Claims Processing Manual, Chapter 11, Processing Hospice Claims, section 80.2.3	X		X			X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DME RC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
5685.6	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be	X		X			X					

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DMERC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
	included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.											

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:
"Should" denotes a recommendation.

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

B. All other recommendations and supporting information:

V. CONTACTS

Pre-Implementation Contact(s):

Policy: Terri Deutsch or Katie Lucas
Emails: Terri.Deutsch@cms.hhs.gov or Katherine.Lucas@cms.hhs.gov
Claims Processing: Wil Gehne or Wendy Tucker
Email address: Wilfried.Gehne@cms.hhs.gov or Wendy.Tucker@cms.hhs.gov

Post-Implementation Contact(s):

Appropriate Regional Office

VI. FUNDING

A. *Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC)*:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. ***Medicare Administrative Contractors (MAC)*****:**

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.