


The FY 2016 Wage Index Final Rule

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Subscriber Audioconference  
August 2015



**HOSPICE FUNDAMENTALS**  
KNOWLEDGE • EXPERTISE • COMMON SENSE

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Today's Topics

- Six Provisions in the Final Rule
- Practicalities & Preparations
- The Larger Message



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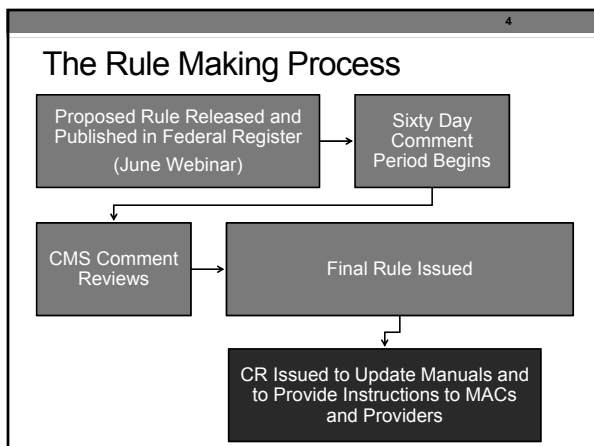
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### Provisions of the FY 2016 Final Rule

- A. Hospice Payment Reform: Research and Analysis
- B. Routine Home Care Rates and Service Intensity Add-On (SIA) Payment
- C. FY 2016 Hospice Wage Index & Rates Update
- D. Alignment of the Inpatient and Aggregate Cap Accounting Year with The Federal Fiscal Year
- E. Updates to Hospice Quality Reporting Program
- F. Clarification Regarding Diagnosis Reporting on Hospice Claims



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### Three FY 2016 Rule Focus Areas

Pre-Hospice Spending	80 FR 47150 PDF p10
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Non-Hospice Spending during a Current Election Period	80 FR 47153 PDF p13
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Live Discharges	80 FR 47157 PDF p17
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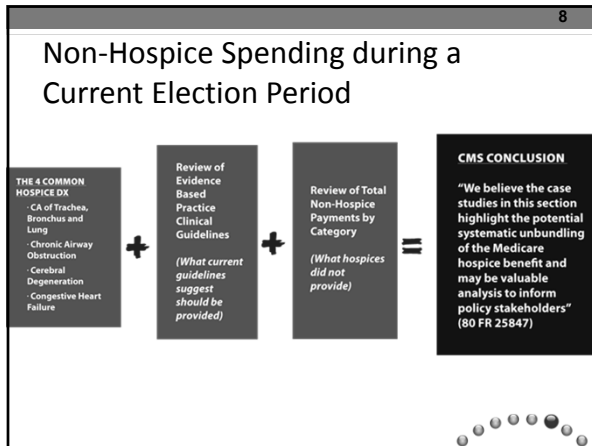
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### Data Being Used

Table 2.1: Years of Data Currently Acquired and Incorporated into an Analytic File

Dataset	2004	2005	2006	2007	2008	2009	2010	2011	2012
Hospice (SAF)		✓	✓						
Hospice POS				✓	✓	✓	✓	✓	✓
Enrollment Database (EDB)		✓	✓	✓	✓	✓	✓	✓	✓
Hospice Cost Reports	✓								
Inpatient SAF				✓	✓	✓	✓	✓	✓
SNF SAF				✓	✓	✓	✓	✓	✓
Outpatient SAF				✓	✓	✓	✓	✓	✓
HHA SAF				✓	✓	✓	✓	✓	✓
Part B Claims				✓	✓	✓	✓	✓	✓
DME SAF				✓	✓	✓	✓	✓	✓
Part D Drug Claims				✓	✓	✓	✓	✓	✓

Medicare Hospice Payment Reform: Analyses to Support Payment Reform  
Abt Associates  
May 1, 2014

Hospice Standard Analytic File (SAF): The unit of observation in this file is a specific hospice claim for a particular beneficiary.

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### RHC Provision #1

Establish a two-tiered RHC rate to pay a higher per diem for days 1 through 60 of a hospice episode of care\* and a lower per diem for days 61 and beyond

Tier 1: Days 1- 60	\$187.63*
Tier 2: Days 61+	\$145.21*

\*adjusted based on patient's geographical location

\*Hospice Episode of Care: a hospice election period or series of election periods separated by no more than a 60-day gap in hospice care



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What would be the easiest way to game a two-tiered system based on number of days under care?



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### Comments – Episode of Care

Episode of care only comes into play for beneficiaries with this sequence of events:

Election > Live Discharge > Re-Election

Provides answer to these questions:

- At re-election, will hospice provider be paid at RHC Tier 1 or Tier 2?
- If at Tier 1, for how many days?



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Provides answer to these questions:

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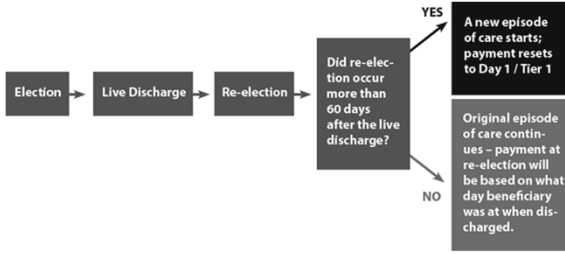
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### Episode of Care Determination




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	Example 1	Example 2	Example 3
Date of Election	1/1	1/1	1/1
Date of Live D/C	1/31	4/30	4/30
Length of Stay	31 days	120 days	120 days
Date of Re-Election	3/1	6/1	7/1
Days Elapsed Between D/C and Re-Election	28	31	61
New Episode of Care?	No	No	Yes
Remaining Tier 1 Days	29	0	60




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### RHC Adjustment #2


Establish a service intensity add-on (SIA) payment

IF these three criteria are met:

1. The day is billed as a RHC day
2. The day occurs during the last 7 days of life (patient dies on service)
3. Direct patient care is provided by a RN or a social worker
4. ~~The service is not provided in a SNF/NF.~~ Not in Final Rule

THEN

- o In addition to RHC rate pay a SIA for each hour of direct patient care provided by a RN or SW equal to the current continuous home care hourly rate [FY 2016 national rate \$38.67].
- o Payment is in addition to the RHC rate and may be made for up to 4 hours total per day




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### Revenue Comparison: LOS of 7 Days Ending in Death

	Current	Proposed
7 days of care	\$1,115 (\$160/day)	\$1,316 (\$188/day)
12 hours of RN or SW visits during course of care		468 (\$39/hour)
Total Payment	\$1,115	\$1,784




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### Comments – Payment Methodology

CMS chose the tiered payment model + SIA payments over MedPAC's recommended U-shaped curve model

- o U-shaped curve model automatically provides higher payment for days at the start and end of care
- o CMS model provides higher payment at start of care but no automatic higher payment at end of care – final payment for last 7 days tied to services provided by RN and SW on RHC days
- o CMS is very clear that they want to incentivize visits during this period

CMS does not rule out moving to a diagnosis-specific rate at sometime in the future – would require much more data to construct than is now available

Budget neutrality will be maintained




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### Practicalities

Implementation date is January 1, 2016

#### Tiered RHC Rate

- oDay count will follow the patient
- oDays will count against the 60 Tier 1 regardless of level of care provided or if days were billable or not
- oTier to be paid for patients on service on 1/1/16 will be determined by total number of days patient has been on hospice care
- oTransfer days only count as one day even though two providers bill for the day

There is no relationship between benefit periods and tiered RHC rates or episodes of care



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### Practicalities

#### SIA Payments

- oNew G code coming to differentiate between RN & LPN visits
- oFor patients that die on days 1 – 6 of the month, claims processing system will (theoretically) automatically pull RN and SW visits from end of previous month
- oSIA payments are only made for days patient is at RHC
- oPayment will be calculated in 15 minute increments



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### Practicalities

#### Medicaid

- oCMS says that their systems are ready but moved implementation date to 1/1/2016 to allow Medicaid systems time to prepare
- oNot overwhelming optimism that the extra 3 months will be adequate
- oShould not impact nursing home room and board payments but check with your state to make sure



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How will these changes impact work flow within hospices?




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**New Task: Manage Two -Tiered RHC Rate**

Benefit Period 1 (90 days) → Benefit Period 2 (90 days) → Benefit Periods 3 > (60 days)

Payment Rate (Days 1 - 60) → Payment Rate (Days 61+)

Clinical Tasks	Billing Tasks	Accounting Tasks
Assessment of Eligibility	NOE / NOTR	Establishment of A/P
Certification/Recertification Process (Including F2F if Indicated)	Claim Preparation	Payment Reconciliation
Provision of Care	Claim Submission	Financial Statements




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**New Task: Manage Episodes of Care**

Election → Live Discharge → Re-Election

? → Payment Rate (Days 1 - 60) → Payment Rate (Days 61+)

Clinical Tasks	Billing Tasks	Accounting Tasks
Assessment of Eligibility	NOE / NOTR	Establishment of A/P
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### New Task: Manage SIA Payment

Last 7 Days of Care + Death → Payment for RN & SW Visit Hours

Clinical Tasks	Billing Tasks	Accounting Tasks
Assessment of Eligibility	NOE / NOTR	Establishment of A/P
Certification/Recertification Process (Including F2F if Indicated)	Claim Preparation	Payment Reconciliation
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### Getting Prepared – Infrastructure

- What have you heard from your software vendor?
- What changes will be required in your accounting system and procedures?
- How much extra time will be required to reconcile payments?
- How accurate are your visit counts on your claims? Are they supported by clinical notes? Have you done a comparison?
- How much documentation is going on outside of visits? Why is that happening? How many \$\$ will your hospice be leaving on the table?

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### Getting Prepared – Care Delivery

- What is your policy on documentation as part of the visit?
- Is it followed? How do you know?
- If not, what is the plan to correct?
- Have you reviewed how many visits are occurring during the last 7 days?
- How skilled are your IDG members at
  - identifying the need to increase visits
  - updating visit frequencies
  - making the visits
- What training and development is offered?
- Is monitoring in place to determine competency?

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### All Proposals Finalized

No new measures for next reporting cycle but CMS has identified "high priority" concept ideas to work on for the future

- oPatient-reported pain outcome measure
- oClaims-based measures capturing care practice patterns such as
  - Skilled visits last days of life
  - Burdensome transitions in and out of hospice benefit
  - Rates of live discharges
- oResponsiveness of hospice to patient/family care needs
- oIDG communication and care coordination




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### Timely Submission Definition Finalized

What	By When
HIS Admission Record	No later than admission date + 30 days
HIS Discharge Record	No later than discharge date + 30 days




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### HIS Submission Thresholds Finalized

How many HIS admit and discharge records must meet 30 day submission requirement in order for a hospice to meet agency timeliness requirement and avoid 2% cut?	No Less Than	For Payment Determination Year	Data Collection Period
	70%	FY 2018	CY 2016
	80%	FY 2019	CY 2017
	90%	FY 2020 and beyond	CY 2018 >

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### Getting Prepared – Infrastructure

- Are you already meeting the threshold?
- If not, what changes need to be made?
- How will you know if changes are effective?



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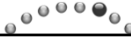
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### The End of the Changes?

Fiscal Year (Release Year)	What Should be Coded on the Hospice Claim?
FY 2013 (2012)	Hospice should report all coexisting or additional diagnoses that are related to the terminal illness; they should not report coexisting or additional diagnoses that are unrelated to the terminal illness
FY 2016 (2015)	Hospices will report all diagnoses identified in the initial and comprehensive assessments whether related or unrelated to the terminal prognosis effective 10/1/2015



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### DX Reporting

- No differentiation on the claim re related or unrelated
- CMS notes that mental health disorders or conditions that would affect the plan of care are to be included
- CMS reiterates that “virtually all” of the care would be provided by the hospice
- This does not change the foundational concept that coverage is tied into inclusion in the hospice plan of care



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### Getting Prepared – Infrastructure

- How well are you doing now with coding?
- 49% of claims submitted in 2014 only have one DX code
- “Virtually all” is not “all” – when the decision is made to not cover something does the clinical record include hospice physician's basis for the decision?
- Watch for Judy Adams webinar



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### Effective Dates

October 1, 2015	<ul style="list-style-type: none"> <li>Expanded Diagnosis Coding</li> <li>ICD-CM 10 Coding</li> </ul>
January 1, 2016	<ul style="list-style-type: none"> <li>Two-Tiered RHC Rates</li> <li>SIA Payments</li> </ul>
2016	70% of HIS records must be submitted with 30 days of event




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### To Contact Us

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The information enclosed was current at the time it was presented. This presentation is intended to serve as a tool to assist providers and is not intended to grant rights or impose obligations.

Although every reasonable effort has been made to assure the accuracy of the information within these pages, the ultimate responsibility for the correct submission of claims and response to any remittance advice lies with the provider of services.

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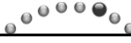
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### Do You Need Compliance Certification Board (CCB) Continuing Education Credits?

- Download the application at:  
<http://www.compliancecertification.org/Portals/2/PDF/CCEP/ccb-scce-individual-accreditation-app.pdf>
- Attach a PDF of handouts
- E-mail or fax to address on the application




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### **Routine Home Care Tiered Rate**

1. If a patient transfers from Hospice A to Hospice B, will their periods be tracked and compensated thus?

According to CMS, their systems will accommodate and track. As is the current process, both providers will be compensated for the transfer day but it will only count as one day in the patient's day count.

2. So for clarity if a patient is a charity case and then receives Medicare or Medicaid during their stay, their day count starts on the initial start of care date not when Medicare or Medicaid is active?

The day count is calculated from the day the person elects their hospice Medicare (or Medicaid) benefit. Previous days of care have no bearing on the routine home care day count used to identify which tiered rate is applicable.

### **Service Intensity Add-On (SIA) Payments**

3. If we have a 45-minute RN visit for the patient at RHC during the last seven days will we be reimbursed for 3 15-minute units or does payment require a minimum of a one-hour visit?

There is no minimum. Reimbursement will be made based on the number of 15-minute increments indicated on the claim. Per CMS:

For eligible stays, the SIA payment will be calculated by the number of hours (in 15 minute increments) of service provided by an RN or social worker during last 7 days of life for a minimum of 15 minutes and up to 4 hours total per day. (80 FR 47175)

4. If the patient dies during the visit do we only get paid for the time the patient was alive?

Yes. SIA payments will only apply visits without the PM modifier. Medicare benefits stop at the time of death.

5. What happens if you provide RHC in an inpatient unit?

The final rule has no requirements or limiters based on where a beneficiary is receiving RHC.

### **Diagnosis Coding**

6. Do we need to list ALL diagnoses on the NOE?

Current instructions for completing the NOE at 20.1.2 in the Medicare Claims Processing Manual, Chapter 11 Processing Hospice Services only specify the principal diagnosis code. No new instructions have been given at this time.

From a practical perspective, it is difficult to see how including all DX could even be possible given the time frame for filing the Notice of Election (NOE).

7. How will the unrelated diagnosis that another provider provides care for be identified by Medicare system that it is not part of the hospice per diem?

Good question; answer unknown. See the next Q&A.

8. If unrelated diagnoses are reported on the claim, will hospice be responsible to pay for unrelated charges?

Inclusion of all DX on the claim does not immediately mean that the hospice is financially responsible for all charges. Remember, however, that CMS has been making it quite clear that they believe that a hospice's financial responsibility extends further than many hospices do. It is also clear that this issue will continue to be pushed by CMS and data analysis will continue. Therefore, it is even more imperative that once a hospice determines that something is unrelated to the terminal prognosis that the clinical record include the hospice's physician's basis for making that determination.

9. Does expanded diagnosis coding only apply to patients admitted after Oct 1st? Or do we need to code all of the existing patients as well?

Unknown at this time. Expect clarification in the next few weeks.

#### **Other**

10. How will the PS&R be affected by these changes?

According to CMS, not at all.

We do not anticipate that this rule will require any changes to the hospice cost report form to differentiate between the two RHC rates and thus we do not anticipate that this rule will require CMS modify the PS&R report. (80 FR 47170)

11. Do we know how PIP payment facilities will be impacted?

No; although we see no obvious reason for the RHC payment changes would impact that system.

Note: Answers to all questions are based on what has been released as of August 18, 2015 and are subject to change based on additional information that may become available.

# Episode of Care Examples

	Example 1	Example 2	Example 3
Date of Election	1/1	1/1	1/1
Date of Live D/C	1/31	4/30	4/30
Length of Stay	31 days	120 days	120 days
Date of Re-Election	3/1	6/1	7/1
Days Elapsed Between D/C and Re-Election	28	31	61
New Episode of Care?	No	No	Yes
Remaining Tier 1 Days	29	0	60