



The Least You Need to Know:

The FY 2020 Hospice Wage Index Proposed Rule was published in the Federal Register on April 25. In addition to the proposed FY2020 rates and changes to the HQR program, the rule proposes changes to the base rates for Continuous Home Care (CHC), General Inpatient Care (GIP) and Inpatient Respite Care (IRC), and a reduction of the rate for Routine Home Care (RHC). It also proposes the addition of an addendum to the election statement to provide greater transparency and more information to patients at the start of care, with a heavy emphasis on “Virtually All” care being the responsibility of the hospice. The Centers for Medicare & Medicaid Services (CMS) is also soliciting information on the role of the hospice and coordination of care at the end of life.

Part 1: Proposed Rebasing of the Continuous Home Care, Inpatient Respite Care, and General Inpatient Care Payment Rates for FY 2020, Proposed FY 2020 Hospice Wage Index and Rate Updates

Part 2: Proposed Election Statement Content Modifications and Proposed Addendum To Provide Greater Coverage Transparency and Safeguard Patient Rights

Part 3: The Hospice Quality Reporting Program

Part 4: Request for information on the interaction of the hospice benefit with Medicare Advantage, Accountable Care Organizations and other alternative care delivery models

WHAT IS THE...

Wage Index Proposed Rule?

An annual event of great interest.

Each spring CMS releases a proposed rule via the Federal Register, the first outwardly visible step of the required annual updating of the national hospice Medicare rates.

The new rates are always of interest but are often overshadowed by the additional provisions that CMS tucks in to the document, sometimes as actual proposed rules, other times as “clarifications.” Some years they also solicit input on specific areas – a sure signal that they are thinking hard about some specific topic.

Interested parties – and that could include each of you - have 60 days during which to submit comments in response to material in the proposed rule; CMS considers the comments and releases the final rule in the late summer.

The last date to submit comments is June 18, 2019. Instructions for submission are in the Federal Register proposed rule.

AREA 1

Rebase of CC, IRC and GIP levels of care and reduction to the RHC rate

Any changes to hospice payment rates must be done in a budget neutral manner, so the proposed increase to the rates for these levels of care will be accompanied by a reduction to the RHC payment amounts.

When base payment rates were set back in 1983 for the four levels of hospice care, information from only 26 CMS demonstration hospices was used!



AREA 1

Rebase (cont'd)

Though they have been adjusted annually since, the Proposed Wage Index notes that the current per diem payment rates do not align with the actual costs of providing care. It is difficult to get contracts for IRC and GIP because facilities can earn more revenue if those hospital and skilled facility beds are occupied with their own patients. The Proposed Wage Index also notes that there is a much lower utilization of CHC, IRC and GIP than RHC, and there has been a downward trend in CHC and GIP.

Percent of Total Hospice Payments: RHC payments as a percent of total hospice payments increased from 89.2 percent in FY 2009 to 93.4 percent in FY 2018. CHC payments as a percent of total payments decreased from 1.9 percent of payments in FY 2009 to 1.0 percent in FY 2018. GIP payments decreased from 8.7 percent of total hospice payments in FY 2009 to 5.3 percent in FY 2018. Finally, IRC payments as a percent of total hospice payments increased slightly to 0.3 percent in 2018 from 0.2 percent in 2009.

Length of Stay: Hospice trends relating to hospice length of stay were also examined; both as total lifetime length of stay, which includes all days across numerous hospice elections, and average length of stay during a single hospice election. Detail was included on the variation in length of stay across disease categories.

Average Cost Per Day

Based on Hospice Cost Report Data and Hospice Claims Data, CMS calculated the 2019 average cost per day at each level of care.

This resulted in an estimate of the need for additional resources for CHC, IRC and GIP as follows:

CHC	+36.6%
IRC	+160%
GIP	+31.2%

On the other hand, the estimated potential for reduction for RHC is estimated at:

Days 1-60	-14.2%
Days 61+	-29.6%

Increases AND Decreases

The Proposed Wage Index proposes increasing the base rates for CHC, IRC and GIP by setting amounts equal to the 2019 estimated average cost per day, and reducing the RHC payment rate by 2.71%.

Remember that your hospice rates will be higher or lower depending on your hospice's Core-Based Statistical Area. Of course, hospices that do not submit the required quality data will have their rate reduced by 2%.

The Proposed Payment Rates for FY 2020 are:

LEVEL OF CARE	AVERAGE COST PER DAY
RHC (days 1-60)	195.65
RHC (days 61+)	154.63
CHC (24 hours)	1,405.81
IRC	449.78
GIP	1027.43

Coinsurance & Methodology

The IRC rate accounts for the 5% coinsurance allowed by regulations, although few if any hospices charge coinsurance for respite care.

The methodology for arriving at these rates is described in extreme detail over several pages in Section III of the Proposed Wage Index.