

WAGE INDEX PROPOSED RULE

The Least You Need to Know: The FY 2021 Hospice Wage Index Proposed Rule was published in the Federal Register on April 15. Recognizing the intense demands that the COVID-19 pandemic is having on hospices, this year's proposed rule is much briefer than in previous years. It includes a 2.6% rate increase for hospices on October 1, 2020. Also included are a few changes to the Core-based Statistical Area (CBSA)/Rural designations for some counties.

While there are no changes to the policies finalized in the FY 2020 final rule regarding the election statement content or the requirements for the election statement addendum, a sample election statement and election addendum were released. There are no new changes to the Hospice Quality Reporting Program (HQRP).

WHAT IS THE...

Wage Index Proposed Rule?

This is an annual event of great interest, leaner this year than most.

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 a 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 9, 2020. Go to <http://www.regulations.gov> and follow the "Submit a comment" instructions.

More Information

The Proposed Wage Index applicable to FY2021:

<https://www.federalregister.gov/documents/2020/04/15/2020-07959/medicare-program-fy-2021-hospice-wage-index-and-payment-rate-update>



The 2021 Rate Increase

The aggregate proposed hospice payment update percentage for FY 2021 is 2.6%. This will amount to an estimated \$580 million increase in payments to hospices.

The Proposed Payment Rates for FY 2021 are:

LEVEL OF CARE	PAYMENT RATE
Routine Home Care (days 1-60)	\$199.34
Routine Home Care (days 61+)	\$157.56
Continuous Home Care (24 hours)	\$1,430.63 (\$59.61 an hour)
Inpatient Respite Care	\$461.48
General Inpatient Care	\$1046.55

Notes:

Hospices in urban areas will experience, on average, a 2.6% increase in 2021.

Hospices in rural areas will experience a 2.8% increase on average.

Hospices in the Middle Atlantic region will experience the largest estimated increases in payments at 3%.

Hospices in New England and Outlying regions will experience the lowest, at 1.7% and 1.8% respectively.

The proposed FY 2021 rates for hospices that do not submit the required quality data would be decreased by 2%, as has been the case since 2014.

Changes to CBSA/Rural Designations

In 2018, the Office of Budget and Management made some changes to CBSAs. Some urban counties became rural, some rural counties became urban, and some CBSAs were split.

The Proposed Rule adopts these changes in order to ensure that hospice wage index values reflect the actual cost of labor in their area. This will result in 34 counties that are currently considered urban to change to rural. Another 47 counties will change from rural to urban in FY 2021.

As a result, some hospices will experience a decrease in their wage index values, and many will experience an increase. To ease the transition for hospices that will experience a negative impact, a 5% cap will be placed on any decrease in a hospice's wage index from the prior year.

The proposed wage index applicable to FY2021 can be found at: <https://www.federalregister.gov/documents/2020/04/15/2020-07959/medicare-program-fy-2021-hospice-wage-index-and-payment-rate-update>



What is a CBSA?

Core-based Statistical Areas are clusters of geographic areas in the United States, which are determined by the Office of Budget and Management.

They can be classified as rural or urban. CBSAs have corresponding wage indexes that are based on the hospital wage data in that CBSA; this is called a "market basket". Any change to the national base rate for hospices is then adjusted to reflect the local CBSA market basket data.

This is why the hospice daily rate for a hospice in the rural Midwest is lower than the daily rate for a hospice in a place like New York City; wages are higher in New York City, resulting in higher costs for the hospice.



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The Hospice Election Statement

There are no changes to the policies finalized in the FY 2020 final rule regarding the election statement content or the requirements for the election statement addendum that are required beginning October 1, 2020.

The requirement is for the hospice to furnish an addendum listing conditions, services and items that are unrelated to hospice and the rationale for exclusion to the patient and family, non-hospice providers **and**/or MAC upon request.

This must be provided within 5 days from the start of care if requested at the start of care, or within 72 hours if requested after the date of hospice election.

There is a model election statement and addendum now available at <https://www.cms.gov/Center/Provider-Type/Hospice-Center>

This addendum will be a condition for payment, so in the event of an ADR, the hospice should submit the signed addendum as part of any ADR if an addendum was requested. If none was requested, then the hospice can submit any documentation that reflects that there was no such request made.

Click here for the handouts from Hospice Fundamentals April Webinar on The Election Statement Addendum.

Actions of a Prudent Hospice™

ONE. Read the proposed rule. If you skip the “Background” section, it is fewer than 50 pages long. You’ll have an easier time navigating it if you go to the Federal Register website and access the version that allows you to navigate via the sections.

TWO. Calculate the financial impact on your projected 2021 revenue.

THREE. Design a new election statement and election addendum.

FOUR. Educate staff members to explain to patients and families how to comply with the new election requirements.

FIVE. Share your hospice’s comments and concerns during the comment period and participate in any future Open Door Forums.



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