

WAGE INDEX PROPOSED RULE

The Least You Need to Know: The FY 2023 Hospice Wage Index Proposed Rule was published in the Federal Register on April 4, 2022. Recognizing the intense demands and delays that the COVID-19 pandemic is having on hospices, this year's proposed rule is much briefer than in previous years. It includes a 2.7% rate increase for hospices on October 1, 2022. .

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 May 31, 2022. Go to <http://www.regulations.gov> and follow the "Submit a comment" instructions.

The 2023 Rate Increase

The aggregate proposed hospice payment update percentage for FY 2023 is 2.7%. This will amount to an estimated \$580 million increase in payments to hospices.

The Proposed Payment Rates for FY 2023 are:

LEVEL OF CARE	PAYMENT RATE
Routine Home Care (days 1-60)	\$209.14
Routine Home Care (days 61+)	\$165.25
Continuous Home Care (24 hours)	\$1,505.61 (\$62.73 an hour)
Inpatient Respite Care	\$486.88
General Inpatient Care	\$1098.88

Notes:

The proposed FY 2023 rates for hospices that do not submit the required quality data would be decreased by 4%. The increase in the quality reporting penalty begins with 2022 data, impacting 2024 penalty.



Changes to CBSA/ Rural Designations

The Proposed Rule adopts changes in order to ensure that hospice wage index values reflect the actual cost of labor in their area.

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.

This cap was established in 2021 and proposed to become permanent in this year's proposed rule.

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.

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 2023 revenue.

THREE. CMS is asking for hospice agency's point of view on the Health Equity and how these determinants can be better measured and impacted.

More Information

The Proposed Wage Index applicable to FY2021:

<https://www.federalregister.gov/public-inspection/2022-07030/medicare-program-fy-2023-hospice-wage-index-and-payment-rate-update-and-hospice-quality-reporting>



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