

WAGE INDEX FINAL RULE

The Least You Need to Know:

The FY 2023 Hospice Wage Index Final Rule was published in the Federal Register on July 29, 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. The great news in this brief rule was that CMS was increasing rates by 3.8% for FY2023. This was 1.19% more than the proposal.

WHAT IS THE...

Wage Index Final 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.

After the 60 day public comment period, CMS review and analyzes the feedback. CMS then publishes the final rule, typically in July, after making any adjustments needed. CMS also provides feedback to all comments.

The 2023 Rate Increase

The aggregate final hospice payment update percentage for FY 2023 is 3.8%. This will amount to an estimated \$825 million increase in payments to hospices.

The Payment Rates for FY 2023 are:

LEVEL OF CARE	PAYMENT RATE
<i>Routine Home Care (days 1-60)</i>	\$211.34
<i>Routine Home Care (days 61+)</i>	\$167.00
<i>Continuous Home Care (24 hours)</i>	\$1,522.04
<i>Inpatient Respite Care</i>	\$492.10
<i>General Inpatient Care</i>	\$1110.76

Notes:

The final FY 2023 rates for hospices that do not submit the required quality data would be decreased by 2%. Hospices who do not submit their quality data in 2023 will face a penalty of 4% of Medicare rates in 2025.



Changes to CBSA/ Rural Designations

The Final 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 became permanent in this year's final 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 final rule. 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. Provide feedback! 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 Final Wage Index applicable to FY2023:

<https://www.federalregister.gov/documents/2022/07/29/2022-16214/medicare-program-fy-2023-hospice-wage-index-and-payment-rate-update-and-hospice-quality-reporting>



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