

Fiscal Year 2020 Hospice Payment Rate Update Final Rule

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Fiscal Year 2020 Hospice Payment Rate Update Final Rule CMS-1714-F

Today, the Centers for Medicare & Medicaid Services (CMS) issued a final rule (CMS-1714-F) that demonstrates continued commitment to strengthening Medicare by better aligning the hospice payment rates with the costs of providing care and increasing transparency so patients can make more informed choices.

This final rule updates the hospice payment rates, wage index, and cap amount for fiscal year (FY) 2020. This rule finalizes rebasing of the continuous home care (CHC), general inpatient care (GIP), and the inpatient respite care (IRC) per diem payment rates in a budget-neutral manner through a small reduction to the routine home care (RHC) rates to more accurately align Medicare payments with the costs of providing care. Additionally, this rule finalizes modifications to the election statement by requiring hospices, upon request, to furnish an election statement addendum effective beginning in FY 2021. The addendum will list those items, services, and drugs the hospice has determined to be unrelated to the terminal illness and related conditions, increasing coverage transparency for beneficiaries under a hospice election. Finally, CMS will continue its work to modernize and strengthen Medicare operations through the Hospice Quality Reporting Program (HQRP).

The final rule (CMS-1714-F) can be downloaded from the *Federal Register* at: <https://www.federalregister.gov/documents/2019/08/06/2019-16583/medicare-program-fy-2020-hospice-wage-index-and-payment-rate-update-and-hospice-quality-reporting>

Strengthening Medicare

CMS is finalizing changes to the hospice payment rates to improve payment accuracy within the system. This includes rebasing the CHC, GIP, and IRC per diem payment rates, in a budget-neutral manner as required by statute, to more accurately align payments with the costs of providing care in different settings.

For FY 2021, CMS is also finalizing modifications to the existing hospice election statement content requirements to increase coverage transparency for patients that elect hospice. Hospices will be required to provide, upon request, an election statement addendum with a list and rationale for items, drugs, and services that the hospice has determined to be unrelated to the terminal illness and related conditions to the beneficiary (or representative), other providers that are treating such conditions, and to Medicare contractors. Having this information will empower patients to make an informed decision when deciding to elect hospice. Finalizing this policy with an effective date of October 1, 2020, will give hospices more time to make the necessary changes to their election statements to implement this policy successfully.

To increase payment accuracy, CMS is finalizing use of the concurrent inpatient prospective payment system wage index for the hospice wage index to align with other settings of care. In this final rule, CMS finalized the

policy to use the FY 2020 pre-floor, pre-reclassified hospital wage index data for the FY 2020 hospice wage index rather than using the FY 2019 pre-floor, pre-reclassified hospital wage index data.

Hospice Quality Reporting Program (QRP)

The Hospice QRP was established in FY 2012. There are 10 measures currently adopted for the Hospice QRP. CMS finalized continued data collection through FY 2020 on the measure “Hospice Visits over the Last 7 Days,” one of the companion measures in the “Hospice Visits When Death Is Imminent” measure pair^[1], to support continued measure testing. This measure identifies if hospice patients received at least one hospice visit from a medical social worker, chaplain or spiritual counselor, licensed practical nurse, or aide during their final seven days of life, and is calculated using data from the Hospice Item Set. As previously announced, we will not publicly report this measure at this time to allow for further testing to determine if changes to the measure specifications or how it is displayed on Hospice Compare are needed.

We are developing a hospice assessment tool for real-time patient assessments called the Hospice Outcomes and Patient Evaluation (HOPE). We think the HOPE assessment will help hospice staff better understand the patient’s end of life care needs, provide hospices with important information to address patient and family needs, and ensure delivery of high quality care throughout the patient stay, while minimizing the burden on providers.. We expect to be proposing this tool for notice and comment rulemaking in the near future.

Routine Annual Rate Setting Changes

For FY 2020, hospice payment rates are updated by 2.6 percent (\$520 million increase in their payments). This is based on the FY 2020 hospital market basket increase of 3.0 percent reduced by the multifactor productivity adjustment of 0.4 percentage points resulting in a 2.6 percent increase in hospice payment rates for FY 2020. Hospices that fail to meet quality reporting requirements receive a 2 percentage point reduction to the annual market basket update for the year.

The hospice payment system includes a statutory aggregate cap. The aggregate cap limits the overall payments per patient made to a hospice annually. The final hospice cap amount for the FY 2020 cap year will be \$29,964.78, which is equal to the FY 2019 cap amount (\$29,205.44) updated by the final FY 2020 hospice payment update percentage of 2.6 percent.

The final rule went on display at the *Federal Register’s* Public Inspection Desk and will be available under “Special Filings,” at <https://www.federalregister.gov/documents/2019/08/06/2019-16583/medicare-program-fy-2020-hospice-wage-index-and-payment-rate-update-and-hospice-quality-reporting>

For further information, see <http://www.cms.gov/Center/Provider-Type/Hospice-Center.html>

For further information on Hospice Quality Reporting, see: <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Hospice-Quality-Reporting/index.html>

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^[1] The 1st companion measure, “Hospice Visits over the Last 3 Days,” will move forward with public reporting

because it showed consistent and statistically valid results.

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