

Related Change Request (CR) #: 3386

Medlearn Matters Number: MM3386

Related CR Release Date: July 30, 2004

Related CR Transmittal #: 264

Effective Date: October 1, 2004

Implementation Date: October 4, 2004

Medicare Program-Update to the Hospice Payment Rates, Hospice Cap, Hospice Wage Index, and the Hospice Pricer for FY 2005

Provider Types Affected

Medicare hospices

Provider Action Needed

This instruction provides hospices with information on the annual update as follows:

- The Hospice Payment Rates for FY2005 will be the FY 2004 payment rates increased by 3.3 percentage points,
- The Hospice Cap amount for the cap year ending October 31, 2004 is \$19,635.67, and
- The Hospice Wage Index notice will be published in the Federal Register before October 1, 2004 and will be effective on that date.

Background

The law governing the payment for hospice care requires annual updates to the hospice payment rates. The payments for hospice care for fiscal years after 2002 will increase by the market basket percentage increase for the fiscal year (Social Security Act, Section 1814(i)(1)(C)(ii)), and the payment methodology has been codified in regulations found at 42 CFR §418.306(a)(b).

Hospice Payment Rates

The **Hospice Payment Rates** for FY 2005 will be the FY 2004 payment rates, increased by 3.3 percentage points. This is the total market basket percentage increase forecasted for FY 2005, and the payment rates are effective for care and services furnished on or after October 1, 2004 through September 30, 2005.

The national payment rates for revenue codes 0651, 0652, 0655, and 0656 for October 1, 2004 through September 30, 2005 are listed in the following table. These revenue codes must be adjusted by the Medicare fiscal intermediary based on the beneficiary's locality.

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Code	Description	Rate	Wage Component Subject to Index	Non-Weighted Amount
651	Routine Home Care	\$121.98	\$83.81	\$38.17
652	Continuous Home Care Full Rate = 24 hours of care \$29.66 hourly rate	\$711.92	\$489.16	\$222.76
655	Inpatient Respite Care	\$126.18	\$68.30	\$57.88
656	General Inpatient Care	\$542.61	\$347.32	\$195.29

Hospice Cap

The **Hospice Cap** amount is increased or decreased, for accounting years after 1984, by the same percentage as the percentage increase or decrease, respectively, in the medical care expenditure category of the Consumer Price Index for all urban consumers.

- The Hospice Cap amount for the cap year ending October 31, 2004 is \$19,635.67.

Hospice Wage Index

The **Hospice Wage Index** is used to adjust payment rates to reflect local differences in wages according to the revised wage index, and it is updated annually in accordance with recommendations made by a negotiated rulemaking advisory committee. The Hospice Wage Index notice will be effective October 1, 2004 and will be published in the Federal Register before that date.

Related Instructions

The Medicare Claims Processing Manual (Pub 100-04), Chapter 11 (Processing Hospice Claims), Section 30 (Billing and Payment for General Hospice Services), Subsection 30.2 (Payment Rates) and Section 80 (Caps and Limitations on Hospice Payments), Subsection 80.2.3 (Adjustments to Cap Amount) are being revised. The updated manual instructions are included in the official instruction issued to your carrier, and can be found by going to:

http://www.cms.hhs.gov/manuals/transmittals/comm_date_dsc.asp

From that web page, look for CR3386 in the CR NUM column on the right, and click on the file for that CR.

Additional Information

If you have questions, please contact your intermediary at their toll-free number, which may be found at:

<http://www.cms.hhs.gov/medlearn/tollnums.asp>

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