FY 2016 Medicare Hospice Payment Reform – Final Policies

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Two Final Medicare Hospice Payment Reform Policies

• Effective January 1, 2016

  • Routine Home Care (RHC) Rates
  • Service Intensity Add-On (SIA)

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Routine Home Care (RHC) Rates Policy

The FY2016 Medicare Hospice Final Rule replaces the single RHC per diem rate with *two different RHC payment rates*

- A higher payment rate for the first 60 days of hospice care
- A reduced payment rate for 61 days and over of hospice care

A 60 day gap in hospice services is required to reset the counter that determines if a patient is qualified for the 1-60 payment category.

**Note:** The day of hospice care includes all levels of care (i.e. Routine Home Care, Continuous Home Care, General Inpatient Care, and Inpatient Respite Care)
Beneficiary enrolls in hospice for 50 days before a live discharge

- If the patient re-enrolls within 60 days of live discharge the first day after re-enrollment would be the 51st day of hospice care regardless of the level of care
- If the patient re-enrolls 60 days after the live discharge, the first day after re-enrollment would be paid as day 1 of the 1-60 day RHC payment rate
The SIA payment is in addition to the per diem RHC rate when all of the following criteria are met:

• The day is an RHC level of care day
• The day occurs during the last 7 days of the patient’s life, and the patient is discharged expired
• Direct patient care is furnished by a registered nurse (RN) or social worker that day
The SIA payment will equal the Continuous Home Care (CHC) hourly payment rate, for a minimum of 15 minutes and up to 4 hours total per day.

Payment change is budget neutral and paid for through a reduction in the RHC rate:
- Going forward, yearly fluctuations in the total size of the add-on will impact the yearly RHC rates.

New G-codes will be used to identify RN versus LPN visits.
SIA - Example

• Beneficiary receives 3 hours of daily nursing services from the hospice RN for 5 of the seven days before death (i.e. 3 hrs/day * 5 days = 15 hrs)

• Last seven days of life are RHC days

• Hospice would be paid SIA Payment of $39.37 CHC hourly rate * 15 hrs = $590.55 in addition to the daily RHC rate
Impact on Medicaid Payment

• Medicaid follows the Medicare methodology, therefore State Medicaid agencies must make conforming changes to their payments.

• States must determine if they will need to amend claim forms and make MMIS changes to capture the data needed to make the new payments.

• FFY 2016 Medicaid rate memo is posted at

References

- Medicare FY16 Hospice Final Rule

- Medicaid Memo: Annual Change in Medicaid Hospice Payment Rates

- Related Change Requests
• Social Security Laws
  • http://www.ssa.gov/OP_Home/ssact/title18/1860D-02.htm
  • http://www.ssa.gov/OP_Home/ssact/ssact-toc.htm

• Electronic Code of Federal Regulations
  • http://www.ecfr.gov/cgi-bin/ECFR

• Medicare Hospice Center Webpage
  • http://www.cms.gov/Center/Provider-Type/Hospice-Center.html

• Medicare Hospice Payment Reform: Hospice Study Technical Reports
  • https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Downloads/May-2014-AnalysesToSupportPaymentReform.pdf

• Local Coverage Determinations (LCDs) by State Index