



## Medicare Payments to Hospices Will Increase in FY 2014

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An August 2, 2013 Final Rule issued by the Centers for Medicare & Medicaid Services (CMS) increases Medicare payment rates and the wage index for hospices payments by an estimated 1% in fiscal year (FY) 2014. CMS estimates that payments to hospices will increase by \$160 million in comparison to payments in FY 2013.

CMS explains in a Fact Sheet, also published on August 2nd, that the increase is the net result of a payment update percentage of 1.7%, and a 0.7% decrease in payments to hospices due to updated wage data and the fifth year of CMS' seven-year phase-out of its wage index budget neutrality adjustment factor (BNAF). Additionally, hospice per diem rates for FY 2014 forward will be updated through the annual hospice rule or notice, instead of through a Change Request. The revised FY 2014 hospice payment rates and wage index will be effective on October 1, 2013.

The Final Rule also notes that pursuant to section 3004 of the Affordable Care Act, hospices that fail to meet quality reporting requirements will receive a two percentage point reduction to their market basket update beginning in FY 2014. For FY 2014 payment determination, hospices reported two quality measures: the NQF #0209/Pain Management measure and the Structural measure on participation in a Quality Assessment and Performance Improvement (QAPI) program. The Final Rule eliminates these quality measures beginning in FY 2016, and will implement a standardized patient-level data collection instrument called the Hospice Item Set (HIS). Hospices will be required to complete the HIS at admission and discharge on all patients admitted to hospice starting July 1, 2014, and the HIS submission data will affect the payment determination for FY 2016.

Additionally, the Final Rule details CMS's efforts to develop a Hospice Experience of Care Survey for informal caregivers of hospice patients, which will include questions on hospice provider communications with patients and families, hospice provider care, and overall rating of hospice. Hospices will be required to begin using the survey in 2015, and CMS will require participation in the survey as a quality reporting requirement for hospices to receive full annual payment beginning in FY 2017. The Final Rule also provides an update on CMS's reform efforts, including a discussion of reform model options, excerpts from recent reform research, and an update on data collection efforts.

The Final Rule is scheduled to be published in the *Federal Register* on August 19, 2013, however, a pre-publication version can be found [here](#).

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