



Medicare Payments to Hospices Will Increase in FY 2014

Hedy S. Rubinger and Jessica T. Grozine

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](#).

Authors and Contributors

Hedy S. Rubinger

Partner, Atlanta Office
404.873.8724
hedy.rubinger@agg.com

Jessica T. Grozine

Associate, Atlanta Office
404.873.8526
jessica.grozine@agg.com

not *if*, but *how*.[®]

About Arnall Golden Gregory LLP

Arnall Golden Gregory, a law firm with 160 attorneys in Atlanta, Washington, DC and Miami, employs a “business sensibility” approach, developing a deep understanding of each client’s industry and situation in order to find a customized, cost-sensitive solution, and then continuing to help them stay one step ahead. Selected for The National Law Journal’s prestigious 2013 Midsize Hot List, the firm offers corporate, litigation and regulatory services for numerous industries, including healthcare, life sciences, global logistics and transportation, real estate, food distribution, financial services, franchising, consumer products and services, information services, energy and manufacturing. AGG subscribes to the belief “not if, but how.” Visit www.agg.com.

Atlanta Office

171 17th Street NW
Suite 2100
Atlanta, GA 30363

Miami Office

Two South Biscayne Boulevard
One Biscayne Tower 2690
Miami, FL 33131

Washington, DC Office

1775 Pennsylvania Ave., NW,
Suite 1000
Washington, DC 20006

To subscribe to future alerts, insights and newsletters: <http://www.agg.com/subscribe/>

©2013. Arnall Golden Gregory LLP. This legal insight provides a general summary of recent legal developments. It is not intended to be, and should not be relied upon as, legal advice. Under professional rules, this communication may be considered advertising material.