



Center for Medicaid and CHIP Services
Financial Management Group (FMG)

August 30, 2013

TO: Associate Regional Administrators
Division of Medicaid

FROM: Kristin Fan
Acting Director

SUBJECT: Annual Change in Medicaid Hospice Payment Rates–ACTION

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FY) 2014. Please inform your staff and all state agencies in your jurisdiction of these new payment rates, which are effective October 1, 2013. In turn, it is our expectation that the state agencies share the Medicaid hospice payment rates for FY 2014 with the hospice providers in their states.

The Medicaid hospice payment rates are calculated based on the annual hospice rates established under Medicare. These rates are authorized by section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) which also provides for an annual increase in payment rates for hospice care services. Rates for hospice physician services are not increased under this provision.

There are some changes for FY 2014. First, this memorandum is being issued by the Medicaid Financial Management Group effective this year. New contact information is at the end of the memorandum. Second, hospice providers are now required to comply with section 3004 of the Affordable Care Act and the implementing regulation at 78 FR 48234 (August 7, 2013-CMS-1449-F). Section 3004 of the Affordable Care Act amended the Act to authorize a quality reporting program for hospices. Section 1814(i)(5)(A)(i) of the Act requires that beginning with FY 2014 and each subsequent FY, the Secretary shall reduce the market basket update by 2 percentage points for any hospice provider that does not comply with the quality data submission requirements. We note that the Medicaid minimum rates would be reduced by the amount of any penalty due to non-reporting.

Accordingly, we have included two tables of Medicaid hospice rates. Table 1 below indicates the Medicaid hospice rates for providers that have complied with the quality reporting requirements, and Table 2 indicates the Medicaid hospice rates for those providers that have not complied with the reporting requirements. To the extent that a hospice provider has not complied with the quality reporting requirements, Table 2 represents the minimum amount that the state may reimburse that hospice provider. However, state Medicaid agencies retain their flexibility to pay hospice providers more than the established minimum payment consistent with section 1902(a)(13)(B) of the Act.

The Medicaid hospice payment rates for care and services provided from October 1, 2013, through September 30, 2014, are as follows:

Table 1: Hospice Medicaid Payment Rates for Hospice Providers that Have Submitted the Required Quality Data

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care	\$156.26	\$107.37	\$48.89
Continuous Home Care	\$911.14 full rate=24hrs. of care/\$37.96 hourly rate	\$626.05	\$285.09
Inpatient Respite Care	\$169.92	\$91.98	\$77.94
General Inpatient Care	\$694.19	\$444.35	\$249.84

Table 2: Hospice Medicaid Payment Rates for Hospice Providers that Have NOT Submitted the Required Quality Data

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care	\$153.19	\$105.26	\$47.93
Continuous Home Care	\$893.22 full rate=24hrs. of care/\$37.22 hourly rate	\$613.73	\$279.49
Inpatient Respite Care	\$166.57	\$90.17	\$76.40
General Inpatient Care	\$680.54	\$435.61	\$244.93

In addition, section 1814(i)(2)(B) of the Act provides for an annual increase in the hospice cap amounts. The hospice cap runs from November 1st of each year through October 31st of the following year. The hospice cap amount for Medicare for the cap year ending October 31, 2013, is \$26,157.50. This cap is optional for the Medicaid hospice program. States choosing to implement this cap must specify its use in the Medicaid state plan.

You may find the FY 2014 wage index at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-payment/Hospice/index.html>. (Scroll down to "Downloads" section and click on FY 2014 Wage Index.) This new wage index, effective October 1, 2013, should be used by states to adjust the wage component of the daily hospice payment rates to reflect local geographical differences in the wage levels. The daily hospice rates specified above are base rates, which must be revised accordingly when the wage component is adjusted.¹

If you have any questions concerning this memorandum, please call Kathleen Walch at (410) 786-7970. This memorandum may be found on CMS' website at "2014 Medicaid Hospice Rates" at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Medicaid-Benefits.html>. (Click on "Medicaid" and then on "By-Topic".)

Sincerely,

/s/

Kristin Fan
Acting Director

¹ The formula to apply to determine the hospice rates for a local geographic region is: Geographic Factor (from the Medicare wage index) x Wage Component Subject to Index + Non-Weighted Amount.
