



Financial Management Group

DATE: Wednesday, September 14, 2022

TO: Financial Management Group
Division of Reimbursement Review

FROM: Rory Howe
Director

SUBJECT: Annual Change in Medicaid Hospice Payment Rates—ACTION

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FY) 2023. The rates reflect changes made under the final Medicare hospice rule published on July 27, 2022 (CMS-1773-F). Please inform your staff and all state agencies in your jurisdiction of these new payment rates, which are effective October 1, 2022. We expect state agencies to share the Medicaid hospice payment rates for FY 2023 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.

Additionally, section 3004 of the Affordable Care Act amended the Act to authorize a Medicare quality reporting program for hospices. Section 1814(i)(5)(A)(i) of the Act requires that beginning with FY 2014 and for 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 with respect to that FY. Effective FY 2024, section 1814(i)(5)(A)(i) of the Act was amended by the Consolidated Appropriations Act of 2021 (CAA) to increase the payment reduction for Medicare hospices who fail to meet hospice quality measure reporting requirements from 2 percentage points to 4 percentage points¹. We note that the Medicaid minimum rates would be reduced by the amount of any penalty due to non-reporting. States choosing to implement this optional Medicaid hospice rate reduction for lack of quality reporting must specify its use and the penalty percentage in the Medicaid state plan.

The following two tables include Medicaid hospice rates for FY 2023. Table 1 includes the Medicaid hospice rates states will pay to providers that have complied with the quality reporting requirements. Table 2 provides rates, which includes the 2% reduction, for those providers that have not complied with the reporting requirements. The tables provide the minimum rates available for state Medicaid agencies to pay hospice providers. States retain their flexibility to pay providers more than the established minimum payments consistent with sections 1902(a)(13)(B) and 1902(a)(30)(A) of the Act.

¹ The Consolidated Appropriations Act of 2021 can be found at <https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf>

The Medicaid hospice payment rates for: Routine Home Care (including the service intensity add-on), Continuous Home Care, Inpatient Respite Care, and General Inpatient Care will be in effect for all of FY 2023 and are as follows:

Table 1: 2023 Medicaid Hospice Rates for Routine Home Care (including the service intensity add-on), Continuous Home Care, Inpatient Respite Care, and General Inpatient Care for Hospice Providers that Have Submitted the Required Quality Data

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care (Days 1-60)	\$211.61	\$139.67	\$71.94
Routine Home Care (Days 61+)	\$167.22	\$110.36	\$56.86
Service Intensity Add-On	\$63.44	\$47.71	\$15.73
Continuous Home Care	\$1,522.63 Full Rate = 24 hrs of care / \$63.44 hourly rate	\$1,145.02	\$377.61
Inpatient Respite Care	\$518.00	\$315.98	\$202.02
General Inpatient Care	\$1,110.76	\$705.33	\$405.43

Table 2: 2023 Medicaid Hospice Rates for Routine Home Care including the service intensity add-on, Continuous Home Care, Inpatient Respite Care, and General Inpatient Care for Hospice Providers that Have Not Submitted the Required Quality Data (includes 2% reduction to market basket)

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care (Days 1-60)	\$207.54	\$136.98	\$70.56
Routine Home Care (Days 61+)	\$163.99	\$108.24	\$55.75
Service Intensity Add-On	\$62.22	\$46.79	\$15.43
Continuous Home Care	\$1493.30 Full Rate = 24 hrs of care / \$62.22 hourly rate	\$1,122.96	\$370.34
Inpatient Respite Care	\$508.02	\$309.89	\$198.13
General Inpatient Care	\$1,089.36	\$691.74	\$397.62

Section 1814(i)(2)(B) of the Act also provides for an annual increase in the hospice cap amounts. The hospice cap runs from October 1st of each year through September 30th of the following year. The hospice cap amount for Medicare for the cap year ending September 30, 2023, is \$32,486.92. This cap is optional for hospice services under the Medicaid program. States choosing to implement this cap must specify its use in the Medicaid state plan.

Effective FY 2023 and subsequent years, a permanent 5-percent cap on wage index decreases will be applied. The policy was codified at 42 Code of Federal Regulations (CFR) § 418.306(c) as part of the FY 2023 Medicare Hospice Final Rule. This cap limits decreases to a geographic area's wage index regardless of the circumstances that cause the decline. This cap on decreases to the hospice wage index is applied such that a geographic area's wage index for FY 2023 would not be less than 95 percent of its final wage index for FY 2022, regardless of whether the geographic area is part of an updated CBSA, and that for subsequent years, a geographic area's wage index would not be less than 95 percent of its wage index calculated in the prior FY. The appropriate wage index value would be applied to the labor portion of the hospice payment rate based on the geographic area in which the beneficiary resides when receiving RHC or CHC. The appropriate wage index value is applied to the labor portion of the payment rate based on the geographic location of the facility for beneficiaries receiving GIP or IRC. You may find the FY 2023 wage index at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index.html> (click on FY 2023 Final Hospice Wage Index). The new wage index, effective October 1, 2022, 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 adjusted².

If you have any questions concerning this memorandum, please email Danielle Motley at danielle.motley@cms.hhs.gov. This memorandum is also posted on Medicaid.gov at: <https://www.medicaid.gov/medicaid/benefits/hospice/payment/index.html>.

/s/

Rory Howe
Director

² 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.