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Financial Management Group

**DATE:** September 1, 2016  
**TO:** Associate Regional Administrators  
Division of Medicaid  
**FROM:** Kristin Fan  
Director

**SUBJECT:** Annual Change in Medicaid Hospice Payment Rates—ACTION

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FY) 2017. The rates reflect changes made under the final Medicare hospice rule published on August 5, 2016 (CMS-1652-F). Please inform your staff and all state agencies in your jurisdiction of these new payment rates, which are effective October 1, 2016. We expect state agencies to share the Medicaid hospice payment rates for FY 2017 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. We note that the Medicaid minimum rates would be reduced by the amount of any penalty due to non-reporting.

Based on these requirements, the two tables below include Medicaid hospice rates for FY 2017. Table 1 includes the Medicaid hospice rates that states will pay to providers that have complied with the quality reporting requirements. Table 2 provides rates 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 and 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.

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 2017 and are as follows:

**Table 1: 2017 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**

| <b>DESCRIPTION</b>            | <b>DAILY RATE</b>  | <b>WAGE COMPONENT SUBJECT TO INDEX</b> | <b>NON-WEIGHTED AMOUNT</b> |
|-------------------------------|--|--|----------------------------|
| Routine Home Care (Days 1-60) | \$190.80   | \$131.10                               | \$59.70                    |
| Routine Home Care (Days 61+)  | \$150.01   | \$103.07                               | \$46.94                    |
| Service Intensity Add-On      | \$40.21  | \$27.63                                | \$12.58                    |
| Continuous Home Care          | \$965.01<br>Full Rate = 24 hrs of care / \$40.21 hourly rate | \$663.06                               | \$301.95                   |
| Inpatient Respite Care        | \$179.97   | \$97.42                                | \$82.55                    |
| General Inpatient Care        | \$734.94   | \$470.44                               | \$264.50                   |

**Table 2: 2017 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**

| <b>DESCRIPTION</b>            | <b>DAILY RATE</b>   | <b>WAGE COMPONENT SUBJECT TO INDEX</b> | <b>NON-WEIGHTED AMOUNT</b> |
|-------------------------------|---|--|----------------------------|
| Routine Home Care (Days 1-60) | \$187.06  | \$128.53                               | \$58.53                    |
| Routine Home Care (Days 61+)  | \$147.08  | \$101.06                               | \$46.02                    |
| Service Intensity Add-On      | \$39.42   | \$27.09                                | \$12.33                    |
| Continuous Home Care          | \$946.10<br>Full Rate = 24hrs of care / \$39.42 hourly rate | \$650.06                               | \$296.03                   |
| Inpatient Respite Care        | \$176.44  | \$95.51                                | \$80.93                    |
| General Inpatient Care        | \$720.54  | \$461.22                               | \$259.32                   |

Section 1814(i)(2)(B) of the Act also provides for an annual increase in the hospice cap amounts. The hospice cap runs from November 1<sup>st</sup> of each year through October 31<sup>st</sup> of the following year. The hospice cap amount for Medicare for the cap year ending October 31, 2016, is \$28,404.99.

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 2017 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 2017 Wage Index.) This new wage index, effective October 1, 2016, 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.<sup>1</sup>

If you have any questions concerning this memorandum, please call Linda Tavener at (410) 786-3838. This memorandum may be found on CMS’ website at “2017 Medicaid Hospice Rates” at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Medicaid-Benefits.html>.

/s/  
Kristin Fan  
Director

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<sup>1</sup> 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.