

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

September 12, 2014

Lawrence Kissner, Commissioner
Department for Medicaid Services
275 East Main Street, 6WA
Frankfort, KY 40621-0001



Re: Annual Change in Medicaid Hospice Payment Rates

Dear Mr. Kissner:

The purpose of this letter is to provide the Medicaid hospice payment rates for federal fiscal year (FY) 2015, which are effective October 1, 2014. 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, the Act, as amended by Section 3004 of the Affordable Care Act, authorizes a Medicare quality reporting program for hospices. Section 1814(i)(5)(A)(i) of the Act requires that, beginning with FY 2014, and each subsequent fiscal year, the Secretary shall reduce the market basket update by two (2) percentage points for any hospice provider that does not comply with the quality data submission requirements with respect to that fiscal year. Please 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 below. Table 1 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, 2014, through September 30, 2015 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	\$159.55	\$109.63	\$49.92
Continuous Home Care	\$930.27 Full rate=24hrs. of care/ \$38.76 hourly rate	\$639.19	\$291.08
Inpatient Respite Care	\$173.48	\$93.91	\$79.57
General Inpatient Care	\$708.77	\$453.68	\$255.09

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	\$156.42	\$107.48	\$48.94
Continuous Home Care	\$912.05 full rate=24hrs. of care/ \$38.00 hourly rate	\$626.67	\$285.38
Inpatient Respite Care	\$170.08	\$92.07	\$78.01
General Inpatient Care	\$694.88	\$444.79	\$250.09

Lawrence Kissner

Page 3

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 Medicare hospice cap amount for year ending October 31, 2014 is \$26,725.79. 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 2015 wage index at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-payment/Hospice/index.html>. (Scroll down to the “Downloads” section and click on “FY 2015 Wage Index”.) This new wage index, effective October 1, 2014, 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. The formula 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.

This information may be found on the CMS website at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Medicaid-Benefits.html>.

Please share the Medicaid hospice payment rates for FY 2015 with the hospice providers in your state.

If you have any questions concerning this letter, please contact Kathleen Walch at (410) 786-7970.

Sincerely,



Jackie Glaze

Associate Regional Administrator

Division of Medicaid and Children’s Health Operations