



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

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**DATE:** September 1, 2015

**TO:** Associate Regional Administrators  
Division of Medicaid

**FROM:** Kristin Fan  
Deputy Director

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

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FFY) 2016. Accordingly, the rates reflect changes made under the final Medicare hospice rule published on August 6, 2015 (CMS- 1629-F). That rule changes the payment methodology for Routine Home Care (RHC) to implement two rates that will result in a higher base payment for the first 60 days of hospice care and a reduced base payment rate for days thereafter. It also establishes an add-on payment for services provided by a registered nurse or social worker during the last seven days of a beneficiary's life. CMS will delay the implementation of both the dual Routine Home Care Rates and the Service Intensity Add-On payment rate until January 1, 2016.

Please inform your staff and all state agencies in your jurisdiction of the new payment rates and effective dates. In turn, it is our expectation that the state agencies share the Medicaid hospice payment rates for FY 2016 with the hospice providers in their respective 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 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.

Accordingly, we have included two tables for each of the Medicaid hospice rates. For example, Table 1.A. below indicates the Medicaid hospice rates for providers of Continuous Home Care, Inpatient Respite Care and General Inpatient Care that have complied with the quality reporting requirements, and Table 1.B.2 provides 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 1.B 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 Continuous Home Care, Inpatient Respite Care and General Inpatient Care will be in effect for all of FFY 2016 and are as follows:

**Table 1.A.: 2016 Medicaid Hospice Rates for Continuous Home Care, Inpatient Respite Care, 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>
Continuous Home Care	\$945.16 Full Rate = 24 hrs of care / \$39.38 hourly rate	\$649.42	\$295.74
Inpatient Respite Care	\$176.26	\$95.41	\$80.85
General Inpatient Care	\$720.11	\$460.94	\$259.17

**Table 1.B.: 2016 Medicaid Hospice Rates for Continuous Home Care, Inpatient Respite Care, 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>
Continuous Home Care	\$926.55 Full Rate = 24hrs of care / \$38.61 hourly rate	\$636.63	\$289.92
Inpatient Respite Care	\$172.79	\$93.53	\$79.26
General Inpatient Care	\$705.93	\$451.87	\$254.06

**Table 2.A.: October 1, 2015 – December 31, 2015 Medicaid Hospice Rates for Routine Home 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	\$162.10	\$111.38	\$50.72

**Table 2.B.: October 1, 2015 – December 31, 2015 Medicaid Hospice Rates for Routine Home Care 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	\$158.91	\$109.18	\$49.72

**Table 3.A.: January 1, 2016 – September 31, 2016 Medicaid Hospice Rates for Routine Home 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)	\$187.08	\$128.54	\$58.54
Routine Home Care (days 61+)	\$147.02	\$101.02	\$46.00

**Table 3.B.: January 1, 2016 – September 31, 2016 Medicaid Hospice Rates for Routine Home Care 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 (days 1-60)	\$183.41	\$126.02	\$57.39
Routine Home Care (days 61+)	\$144.13	\$99.03	\$45.10

**New Service Intensity Add-On (SIA) Payment**

Effective for hospice services with dates of service on and after January 1, 2016, a service intensity add-on payment will be made for a visit by a social worker or a registered nurse (RN), when provided during routine home care in the last seven days of life. The SIA payment is in addition to the routine home care rate.

The SIA payment will be equal to the Continuous Home Care, hourly rate multiplied by the hours of nursing or social work provided (up to 4 hours total) that occurred on the day of service. The SIA payment will also be adjusted by the appropriate wage index.

**Table 4.A.: January 1, 2016 – September 31, 2016 Medicaid Hospice Service Intensity Add-On Rates paid in conjunction with Routine Home Care for Hospice Providers that Have Submitted the Required Quality Data**

DESCRIPTION	HOURLY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Service Intensity Add-On	\$39.38	\$27.06	\$12.32

**Table 4.B.: January 1, 2016 – September 31, 2016 Medicaid Hospice Service Intensity Add-On Rates paid in conjunction with Routine Home Care for Hospice Providers that Have Not Submitted the Required Quality Data**

DESCRIPTION	HOURLY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Service Intensity Add-On	\$38.61	\$26.53	\$12.08

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 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, 2015, is \$27,820.75. 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 2016 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

2015 Wage Index.) This new wage index, effective October 1, 2015, 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 Kathleen Walch at (410) 786-7970. This memorandum may be found on CMS' website at "2016 Medicaid Hospice Rates" at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Medicaid-Benefits.html>.

/s/  
Kristin Fan  
Deputy 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.