



FY 2021 Hospice Proposed Rule

On April 10, 2020, CMS released the FY 2021 Hospice Proposed Rule. This rule updates payment rates for FY 2021, proposes changes to the hospice wage index, and confirms the implementation of the new election statement and addendum requirements finalized in last year’s final rule. The comment period closes June 9, 2020.

Payment Updates:

CMS proposes an overall net increase of 2.6% or \$580 million for hospices in fiscal year 2021 (a 3.2% market basket increase, offset by a 0.4% multi-factor productivity reduction). The proposed hospice cap amount for FY 2021 is \$30,743.86, and proposed rates for FY 2021 taken from Tables 6 and 7 in the Proposed Rule are noted below:

Code	Description	FY 2020 Payment Rates	Wage Index standardization factor	Proposed FY 2021 hospice payment update	Proposed FY 2021 rates
651	Routine Home Care (days 1-60)	\$194.50	X 0.9989	X 1.026	\$199.34
651	Routine Home Care (days 61+)	\$153.72	X 0.9990	X 1.026	\$157.56

Code	Description	FY 2020 Payment Rates	Wage Index standardization factor	Proposed FY 2021 hospice payment update	Proposed FY 2021 rates
652	Continuous Home Care; Full rate = 24 hours of care	\$1363.26	X 0.9991	X 1.026	\$1430.63 (\$59.61/hr)
655	Inpatient Respite Care (IRC)	\$435.82	X 0.9993	X 1.026	\$461.48
656	General Inpatient Care (GIC)	\$994.45	X 0.9988	X 1.026	\$1046.55

Changes to the Hospice Wage Index

CMS is proposing to adopt the Office of Management and Budget’s (OMB) updates to delineations of statistical areas that determine the hospice wage index. These changes include adding new core-based statistical areas (CBSAs), urban counties (or county equivalents) that would become rural, rural counties (or county equivalents) that would become urban, and existing CBSAs that would be split apart beginning FY 2021 (October 1, 2020). (*Note:* These are the same changes proposed for SNFs.)

With the proposed changes, 34 counties currently classified as urban would change to rural, and 47 counties currently classified as rural would change to urban. Several counties would change from one urban CBSA to another, and still others would be changed from urban to another newly proposed or modified CBSA. Typically, urban counties/county equivalents have a higher wage index than rural, so some of these changes will have a negative impact on payment in FY 2021, and some will have a positive impact.



To mitigate the potential negative impact of this change, CMS proposes a transition plan for FY 2021. CMS will apply a 5% cap on any decrease in a hospice's wage index from the prior year in FY 2021, phasing in the reduction over a two-year period (i.e., no cap in FY 2022). This allows hospices with a positive impact to receive the full amount of their increase in FY 2021 while spreading out the negative impact for those hit the hardest over a two-year period.

Hospice Election Statement and Addendum:

CMS finalized modifications to the hospice election statement and requirements for an addendum to "provide greater coverage transparency and safeguard patient rights" to be implemented October 1, 2020, in last year's final rule.

In this proposed rule, CMS reiterated that the signed addendum, and any signed updates, are a condition of payment, and that the individual's (or representative's) signature is an acknowledgement of the receipt of the addendum, not agreement with the hospice's decision. CMS also states that the addendum is to be made available upon request and furnished in writing. Because the addendum is a condition of payment, there needs to be documentation of the signed addendum itself, or that it was not requested. Hospices should have a mechanism to document the addendum was discussed with the individual (or representative) and that they did not request it, if applicable.

CMS has released a model election statement and addendum hospices can use if they wish, access it [here](#).

Access the [proposed rule](#).