



Financial Management Group

DATE: September 14, 2020

TO: Financial Management Group
Division of Financial Operations East
Division of Financial Operations West

FROM: Rory Howe
Acting Director

SUBJECT: Annual Change in Medicaid Hospice Payment Rates—ACTION

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FY) 2021. The rates reflect changes made under the final Medicare hospice rule published on August 4, 2020 (CMS-1733-F). Please inform your staff and all state agencies in your jurisdiction of these new payment rates, which are effective October 1, 2020. We expect state agencies to share the Medicaid hospice payment rates for FY 2021 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.

The following two tables include Medicaid hospice rates for FY 2021. 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 2021 and are as follows:

Table 1: 2021 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)	\$199.51	\$137.08	\$62.43
Routine Home Care (Days 61+)	\$157.69	\$108.35	\$49.34
Service Intensity Add-On	\$59.71	\$41.02	\$18.69
Continuous Home Care	\$1,432.97 Full Rate = 24 hrs of care / \$59.71 hourly rate	\$984.59	\$448.38
Inpatient Respite Care	\$485.36	\$262.72	\$222.64
General Inpatient Care	\$1,045.66	\$669.33	\$376.33

Table 2: 2021 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

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care (Days 1-60)	\$194.75	\$133.81	\$60.94
Routine Home Care (Days 61+)	\$153.92	\$105.76	\$48.16
Service Intensity Add-On	\$58.17	\$39.97	\$18.20
Continuous Home Care	\$1,396.17 Full Rate = 24hrs of care / \$58.17 hourly rate	\$959.31	\$436.86
Inpatient Respite Care	\$473.79	\$256.46	\$217.33
General Inpatient Care	\$1,021.25	\$653.70	\$367.55

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, 2021, is \$30,683.93. 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.

Starting FY 2021, the hospice wage index will incorporate the new OMB labor market delineations as described in the September 14, 2018 OMB Bulletin No. 18–04. These new delineations have resulted in new Core-Based Statistical Areas (CBSAs), urban counties that

have become rural, rural counties that have become urban, and existing CBSAs that have been split apart. These changes were implemented to allow the hospice wage index to maintain an accurate and up-to-date payment system that reflects the reality of population shifts and labor market conditions. In addition to the changes in the wage index delineations, there is also a 1-year, 5 percent cap on wage index decreases for impacted counties for FY 2021. This transition period and cap will allow the effects of the revised CBSA delineations to be phased in over 2 years. No cap will be applied to the reduction in the wage index for the second year (FY 2022). You may find the FY 2021 wage index at: <https://www.cms.gov/medicare/medicare-fee-service-payment/hospice/hospice-regulations-and-notices/cms-1733-f> (scroll down to “Downloads” section and click on FY 2021 Final Hospice Wage Index). The new wage index, effective October 1, 2020, 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.¹

If you have any questions concerning this memorandum, please call Danielle Motley at (410) 786-3837. This memorandum is also posted on Medicaid.gov at: <https://www.medicaid.gov/medicaid/benefits/hospice/payment/index.html>.

/s/

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¹ 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.