

FFY 2023 MEDICARE HOSPICE PAYMENT RATE UPDATE PROPOSED RULE (CMS-1773-P)

On April 4, the Centers for Medicare & Medicaid Services (CMS) published its annual [proposed rule](#) updating the federal fiscal year (FFY) 2023 Medicare Hospice wage index, payment rates, and quality-reporting program effective Oct. 1, 2022 through Sept. 30, 2023. CMS estimates an increase in Medicare payments for U.S. hospices of approximately 2.7%, or \$580 million, compared with FFY 2022. Comments on this proposed rule are due May 31, 2022.

Market Basket Update: The proposed rate change includes a 3.1% market basket increase and the Affordable Care Act (ACA)-mandated productivity adjustment reduction of 0.4 percentage points. The proposed hospice cap amount for FFY 2023 is \$32,142.65 compared to the final FFY 2022 cap amount of \$31,297.61. The proposed labor and non-labor portions for FFY 2023 are as follows:

Category of Hospice Care	Labor Portion	Non-Labor Portion
Routine Home Care (RHC)	66.0%	34.0%
Continuous Home Care (CHC)	75.2%	24.8%
General Inpatient Care (GIC)	63.5%	36.5%
Inpatient Respite Care (IRC)	61.0%	39.0%

The proposed payment rates for FFY 2023 are as follows:

Code	FY 2022 Payment Rates	Proposed FY 2023 Payment Rates
651: RHC (days 1-60)	\$203.40	\$209.14
651: RHC (days 61+)	\$160.74	\$165.25
652: CHC	\$1,462.52 (\$60.94 per hour)	\$1,505.61
655: IRC	\$473.75	\$486.88
656: GIC	\$1,068.28	\$1,098.88

Hospice providers that do not submit the required quality data will experience a two percentage point reduction to their market basket. Beginning in FFY 2024, this penalty increases to a four percentage point reduction (established in Division CC, section 407 of the Consolidated Appropriations Act, 2021).

FFY 2023 Hospice Quality Reporting Program (HQRP): In or after May 2022, CMS will start publicly reporting two new claims-based measures, including:

- Hospice Visits in the Last Days of Life (HVLDL) – this measure replaces the Hospice Item Set (HIS) Hospice Visits when Death is Imminent; and
- Hospice Care Index (HCI) – this measure includes 10 indicators that represent different aspects of hospice care and the quality of care provided during the hospice stay.

CMS included an update of the Hospice Outcomes and Patient Evaluation (HOPE) tool, a new patient assessment instrument finalized in the FFY 2020 Hospice final rule. The primary objectives for HOPE include providing quality data for the HQRP requirements through standardized data collection; supporting survey and certification processes; and providing additional clinical data that could inform future payment refinements.

Finally, CMS used this proposed rule to announce a potential future update to the Consumer Assessment of Healthcare Providers and Systems (CAHPS) Hospice Survey. Specifically, CMS is testing the feasibility and effectiveness of adding a web-based mode to the CAHPS Hospice Survey.

FFY 2023 Health Equity Initiative: CMS requests information related to the HQRP Health Equity Initiative. Specifically, CMS solicits public comments on:

- Hospice efforts to recruit staff, volunteers, and board members from diverse populations to represent and serve underserved populations;
- How hospices currently identify barriers to access in the community or service areas;
- How the hospice collects self-reported data such as race/ethnicity, veteran status, socioeconomic status, housing, and food security, among others; and
- How hospices use qualitative data collection and analysis methods to measure the impact of their health equity initiatives.

CMS is also considering and soliciting comments on a structural composite measure that would identify and assess organizational activities to address access to and quality of hospice care for underserved populations.

FFY 2023 Proposed Wage Index: CMS proposes continuing to use the pre-floor, pre-reclassified hospital inpatient wage index for hospice purposes. CMS has not yet released FFY 2023 proposed wage index data; it will be posted [here](#) when available.

Additionally, for FFY 2023 and consecutive years, CMS proposed making permanent a five percent cap on any wage index decrease from the previous year, regardless of the reason for the decline.

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Sources:

Centers for Medicare & Medicaid Services. Medicare Program; FY 2023 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements. Available from: <https://www.federalregister.gov/documents/2022/04/04/2022-07030/medicare-program-fy-2023-hospice-wage-index-and-payment-rate-update-and-hospice-quality-reporting>. Accessed April 7, 2022.