

FY 2021 MEDICARE HOSPICE PROSPECTIVE PAYMENT SYSTEM – RATE UPDATE CMS-1733-F

On Aug. 4, the Centers for Medicare & Medicaid Services (CMS) published its annual [final rule](#) updating the Medicare Hospice Prospective Payment System (PPS) wage index, payment rates, and quality-reporting program effective Oct. 1, 2020 through Sept. 30, 2021. CMS estimates an **increase** in Medicare payments for U.S. hospices of approximately 2.4% or \$540 million compared with federal fiscal year (FFY) 2020.

Final Market Basket Update (*Federal Register (FR) pp. 47083-47086*): The overall rate change includes a 2.4% inpatient hospital market basket increase and the Affordable Care Act (ACA)-mandated productivity adjustment reduction of 0.0 percentage points. The hospice cap amount for FFY 2021 is \$30,683.93 compared to the FFY 2020 cap amount of \$29,964.78. The final labor and non-labor portions for FFY 2021 are:

Category of Hospice Care	Labor Portion	Non-Labor Portion
Routine Home Care (RHC)	68.71%	31.29%
Continuous Home Care (CHC)	68.71%	31.29%
General Inpatient Care (GIC)	64.01%	35.99%
Inpatient Respite Care (IRC)	54.13%	45.87%

The final payment rates for 2021 are:

Code	FY 2020 Payment Rates	Final FY 2021 Payment Rates
651: RHC (days 1-60)	\$194.50	\$199.25
651: RHC (days 61+)	\$153.72	\$157.49
652: CHC	\$1,395.63 (\$58.15 per hour)	\$1,432.41 (\$59.68 per hour)
655: IRC	\$450.10	\$461.09
656: GIC	\$1,021.25	\$1,045.66

FFY 2021 Final Election Statement (*FR p. 47086*): CMS finalized modifications to the hospice election statement requirements to provide an addendum effective FFY 2021. In addition, CMS finalized a policy that requires the signed addendum or any signed update as a new condition for payment. The addendum must list the items, services and drugs that are unrelated to the terminal illness and related conditions.

FFY 2021 Final Quality Reporting Program (QRP) (*FR pp. 47083-47084*): There are no changes or updates to the Hospice QRP for FFY 2021. Since FFY 2014, the ACA requires hospices to collect and submit quality data, and there is a 2% penalty if hospices do not comply.

FFY 2021 Final Wage Index (*FR pp. 47073-47074*): CMS finalized adoption of the CBSA delineations published in the September 2018 Office of Management and Budget (OMB) [Bulletin No. 18-04](#). This reassigns or alters some counties, which may affect the wage index for some providers. In an effort to alleviate significant losses in revenue, CMS adopted a two-year

transition period including a 5% cap on the reduction of a provider’s wage index for FFY 2021 compared to its wage index for FFY 2020. The full reduction (if applicable) will be implemented for FFY 2022.

In Illinois, counties that will experience changes under OMB Bulletin No. 18-04 include:

County	Current CBSA	Proposed CBSA
DeWitt	14010, Bloomington, IL	Rural
Ford	16580, Champaign-Urbana, IL	Rural
Fulton	Rural	37900, Peoria, IL
Johnson	Rural	16060, Carbondale, IL
Cook	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
DuPage	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
Grundy	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
Kendall	16974, Chicago-Naperville-Arlington Heights, IL	20994, Elgin, IL
McHenry	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
Will	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL

CMS published the Final FFY 2021 [wage index](#) information.

Sources:

Centers for Medicare & Medicaid Services. Medicare Program; FY 2021 Hospice Wage Index and Payment Rate Update. August 4, 2020. Available from: <https://www.govinfo.gov/content/pkg/FR-2020-08-04/pdf/2020-16991.pdf>. Accessed August 20, 2020.

Office of Management and Budget. Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas. OMB Bulletin No. 18-04. September 14, 2018. Available from: <https://www.whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf>. Accessed May 4, 2020.