

FY 2023 HOSPICE FINAL RULE (CMS-1773-F)

On July 27, the Centers for Medicare & Medicaid Services (CMS) posted its annual [final rule](#) updating the fiscal year (FY) 2023 Medicare Hospice wage index, payment rates, and quality-reporting program effective Oct. 1, 2022 through Sept. 30, 2023. CMS finalized a payment update of 3.8%, or approximately \$825 million, compared with FY 2022.

Market Basket Update: The finalized rate change includes a 4.1% market basket increase and the Affordable Care Act-mandated productivity adjustment reduction of 0.3 percentage points. The hospice cap amount for FY 2023 is \$32,486.92 with labor and non-labor portions for hospice care categories as follows:

Category	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%

Final payment rates for FY 2023 include:

Category	FY 2023 Payment Rate	FY 2022 Payment Rate
651: RHC (days 1-60)	\$211.34	\$203.40
651: RHC (days 61+)	\$167.00	\$160.74
652: CHC	\$1,522.04 (\$63.42/hour)	\$1,462.52 (\$60.94/hour)
655: IRC	\$492.10	\$473.75
656: GIC	\$1,110.76	\$1,068.28

Hospice providers that do not submit the required quality data will experience a two percentage point reduction to their market basket. Beginning in FY 2024, the penalty increases to a four percentage point reduction.

Wage Index: For FY 2023, CMS will continue using the pre-floor, pre-reclassified hospital wage index for hospice purposes. The final FY 2023 hospice wage index is available [here](#).

CMS also finalized making permanent a 5% cap on any decrease to a geographic area's wage index from its wage index in a prior year, regardless of the circumstances causing the decline.

Hospice Quality Reporting Program (HQRP): As finalized in the FY 2022 Hospice final rule, CMS is now publicly displaying the following two claims-based quality measures on [Care Compare/Provider Data Catalogue](#):

- Hospice Visits in the Last Days of Life (HVLDL); and
- Hospice Care Index (HCI).

Additionally, CMS previously finalized that it will not report Q1 or Q2 2020 Consumer Assessment of Healthcare Providers and Systems (CAHPS) Hospice Survey data due to the

COVID-19 public health emergency (PHE). As of Feb. 2022, CMS resumed publicly reporting the eight most recently available quarters of CAHPS data, excluding Q1 and Q2 2020. More information on HQRP public reporting is available on CMS' [website](#).

CMS will begin publicly displaying CAHPS Hospice Star Ratings with the August 2022 refresh of Care Compare. CMS ran a dry run of the Star Ratings with reporting to hospices via preview reports during the Nov. 2021 and March 2022 preview periods. More information on the CAHPS Hospice Survey can be found [here](#).

Health Equity Initiative: CMS summarized the comments it received in response to its request for information on health equity in the FY 2023 hospice proposed rule. CMS stated comments will help inform future efforts to incorporate health equity and social determinants of health into the HQRP.

CMS also received comments to its proposed future development of a structural composite measure that would address aspects of health equity, including organizational activities to address access to and the quality of hospice care for underserved populations. Commenters were generally supportive of a composite measure, but suggested several steps CMS should take prior to implementing and publishing such a measure. CMS stated it will take suggestions into consideration when further refining the measure concept.

Contact:

Cassie Yarbrough, Senior Director, Medicare Policy
630-276-5516 | cyarbrough@team-iha.org

Sources:

Centers for Medicare & Medicaid Services. Medicare Program: Fiscal Year 2023 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements. Available from: <https://www.federalregister.gov/public-inspection/2022-16214/medicare-program-fiscal-year-2023-hospice-wage-index-and-payment-rate-update-and-hospice-quality>. Accessed July 28, 2022.