



SENIOR & LONG TERM CARE DIVISION

COMMUNITY SERVICES BUREAU

Medicaid Hospice Policy Manual

Title: Hospice Policy 601
Section: PAYMENT FOR HOSPICE CARE
Subject: Payment Rates and Adjustment for Area Wage Differences
Reference: ARM 37.40.830, 42 CFR 306
Supersedes: Policy 601, October 2016

ANNUAL UPDATES OF THE PAYMENT RATES AND ADJUSTMENT FOR AREA WAGE DIFFERENCES APPLICABILITY

Medicaid hospice payments for each of the categories of hospice care described in Hospice Policy 600, 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 which also provides for an annual increase in payment rates for hospice care services.

ANNUAL UPDATE OF THE PAYMENT RATES

For fiscal year 2014 and subsequent fiscal years, in accordance with section 1814(i)(5)(A)(i) of the Act, in the case of a Medicaid-certified hospice that submits hospice quality data, as specified by the Secretary, the payment rates are equal to the rates for the previous fiscal year increased by the applicable hospice payment update percentage increase.

For fiscal year 2014 and subsequent fiscal years, in accordance with section 1814(i)(5)(A)(i) of the Act, in the case of a Medicaid-certified hospice that does not submit hospice quality data, as specified by the Secretary, the payment rates are equal to the rates for the previous fiscal year increased by the applicable hospice payment update percentage increase, minus 2 percentage points. Any reduction of the percentage change will apply only to the fiscal year involved and will not be taken into account in computing the payment amounts for a subsequent fiscal year.

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**ADJUSTMENT FOR
WAGE
DIFFERENCES**

Each hospice's labor market is determined based on definitions of Metropolitan Statistical Areas (MSAs) issued by the Office of Management and Budget. CMS will issue annually, in the Federal Register, a hospice wage index based on the most current available CMS hospital wage data, including changes to the definition of MSAs. The payment rates established by CMS are adjusted by the Department to reflect local differences in wages according to the revised wage data.

**FEDERAL REGISTER
NOTICES**

CMS publishes as a notice in the Federal Register any proposal to change the methodology for determining the payment rates.