

JULY 29, 2011

IN FY 2012: MEDICARE HOSPICE WAGE INDEX INCREASES 2.5%, OTHER HOSPICE CHANGES

The Centers for Medicare & Medicaid Services (CMS) increased fiscal year (FY) 2012 Medicare payments by 2.5% for hospice providers in a final regulation released July 29. Also included in the final regulation are requirements for hospice providers to start collecting quality of care data and changes to the way CMS counts hospice patients for the 2012 cap accounting year. The hospice wage index increase is the result of a 3% increase in the hospital market basket, less a half percent payment decrease due to updated wage index data. The market basket is a fixed-weight index that illustrates how much more or less it would cost, at a later time, to purchase the same mix of goods and services that was purchased in a base period. Beginning October 2012, hospices will be required to start collecting quality of care data for submission in 2013. This is the implementation of a hospice quality reporting program, as mandated by the Accountable Care Act (ACA). Under the Quality Assessment and Performance Improvement (QAPI) program, hospices are required to submit data on quality measures to CMS or face a two-percentage point reduction to their annual market basket update, starting FY 2014. Hospices may voluntarily begin collecting QAPI data in October 2011 for submission in 2012. This final regulation also allows for any hospice physician to perform the **face-to-face encounter**, regardless of whether the same physician recertifies the patient's terminal illness or writes the recertification narrative. Additionally, CMS will change the way it counts hospice patients. Starting for the 2012 cap accounting year, the number of Medicare hospice beneficiaries will be based on the number of days of care the patient received in that cap year for each hospice. Hospice providers who do not want to change their patient counting methodology may elect to continue using current method. Should you have questions, please contact Todd Selby at 317.977.1440 or tselby@hallrender.com, Brian Jent at 317.977.1402 or bjent@hallrender.com, David Bufford at 502.568.9368 or dbufford@hallrender.com, or your regular Hall Render attorney.