

Center for Medicare and Medicaid Services (CMS) Proposes Increased Payments for Hospices

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On Monday, April 29, 2013, the **Centers for Medicare and Medicaid Services (CMS)** released a [proposed rule](#) that updates Medicare payment rules and rates for hospice agencies for fiscal year (FY) 2014. The proposed rule also clarifies diagnosis coding and modifies quality measures in the hospice quality reporting program.

Major provisions of the proposed rule include:

- 1.1 percent increase in FY 2014 payments. The increase is the net result of an estimated inpatient hospital market basket increase of 2.5 percent minus 0.7 percent for reductions mandated by the Affordable Care Act (ACA) and a 0.7 percent decrease in payments to hospices due to updated wage data and the continued phase-out of CMS' wage index budget neutrality adjustment factor for hospices.
- Hospices are to discontinue using certain non-specific diagnoses or non-principal diagnoses and, instead, should code with the principal diagnosis using the underlying condition that is the main reason for the patient's care.
- The ACA mandates that hospices begin reporting quality data in 2013 for the FY 2014 payment determination. Beginning with the FY 2016 payment determination, the rule proposes to eliminate the two current quality measurements and replace them with two other measures. The two measures CMS proposes to eliminate are: (1) the NQF-endorsed measure related to pain management, NQF #0209, and (2) the structural measure on participation in a Quality Assessment and Performance Improvement program.
- Also for the FY 2016 payment determination, CMS proposes to implement the Hospice Item Set (HIS), which is a standardized patient-level data collection instrument. Hospices will need to complete the HIS upon admission and discharge for all patients starting July 1, 2014. Data collected from the HIS will factor into the payment determination for FY 2016.

Additional information on the proposed rule is available via CMS's [fact sheet](#).

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