

Part B Insider (Multispecialty) Coding Alert

HOSPICE : Higher Hospice Payment Rates Arrived on April 3 -- Are You Prepared?

Keep in mind: Big cuts still lie ahead for the hospice industry in the coming years, CMS warns.

Hospices should finally begin seeing payment relief based on the stimulus bill that President Obama signed last month.

CMS and its contractors have made the necessary payment system updates and hospices will begin receiving payments without the budget neutrality adjustment factor (BNAF) cuts to wage index April 3, CMSs **Lori Anderson** said at the National Association for Home Care & Hospices March on Washington meeting on March 23.

As required by the law, CMS has restored the hospice wage index to the level it would have been without the BNAF cut, CMS notes in March 13 Transmittal No. 1701 (CR 6418). The BNAF reduction lowered hospice payment rates by a little more than 1 percent.

Cuts still planned: But hospices should remember that the delay to the 2009 portion of the BNAF reduction doesn't affect the cut overall, Anderson cautioned attendees at the meeting.

Originally, CMS planned to phase out the BNAF by 25 percent in 2009, 50 percent in 2010, and another 25 percent in 2011 to eliminate it altogether. Now, CMS plans to lump the first two years cuts together to phase out 75 percent of the BNAF in 2010 and the remaining 25 percent in 2011.

Those policies still stand, Anderson stressed. The stimulus bill addressed only the timeline for when it would take place.

Adjustments ahead: Because the delay is retroactive to Oct. 1, intermediaries in April will begin reprocessing claims paid at the lower rate too, Anderson noted. They will have about six months to reprocess the claims. Hospices will notice remittance advice adjustments with the reprocessing information, she added.

Claims already processed using the version of the FY 2009 wage index (which was put forward in the August 8, 2008 Federal Register and in CR 6155) which included a 25 percent reduced BNAF will be recomputed to apply the full BNAF, CMS said in MLN Matters article MM6418.

Note: The CMS transmittal is at www.cms.hhs.gov/transmittals/downloads/R1701CP.pdf. An MLN Matters article on the topic is at www.cms.hhs.gov/MLNMattersArticles/downloads/MM6418.pdf.