

Eli's Hospice Insider

Finance: Hospices Catch A Break With Cap Proration In Transition Year

It may be time to appreciate some good news for once.

With so much going on in the hospice world, a piece of good fortune may have slipped under your radar.

Reminder: The **Centers for Medicare & Medicaid Services** is changing the cap year to align with the federal fiscal year. That means the cap year will end Sept. 30 instead of Oct. 31 starting this year, and the cap reporting date will move up to Feb. 28 from March.

CMS announced this cap timing change in the 2017 final hospice payment rule. Hospices should already have known about the revision, notes consultant **Dave Macke** with **VonLehman** in Fort Wright, Kentucky.

But CMS and its HHH Medicare Administrative Contractors hadn't made clear whether the per-beneficiary cap limit would be prorated during the transition year, notes finance expert **Mark Sharp** with **BKD** in Springfield, Missouri.

Prorating the cap amount would lower the threshold hospices would meet to exceed the cap, and cost over-cap hospices more money.

"The 2017 Cap Year is a transition year and payments will be based on 11 months," HHH MAC **Palmetto GBA** explains in a new message to providers. "Because of the non-discretionary language used by Congress in determining the cap amount for a year, the per-beneficiary cap amount for calculating the hospice aggregate cap for the 2017 transition year will not be prorated for the shorter time frame," the MAC confirms.

"The fact that there will not be a proration of the per-beneficiary limitation is a very favorable and hospice-friendly decision on the MAC's part," Sharp tells **Eli**. That's "nice to see."

One part of the benefit applies to providers using the streamlined method, Macke explains. Such providers will use 12 months plus 3 days of beneficiary counts and only 11 months of payments.

Hospices using the patient-by-patient methodology won't see the same benefit, Macke notes. Those providers will use 11 months of beneficiary counts and 11 months of payments.

But all hospices will benefit from the MACs not prorating the \$28,404.99 annual cap for 2017. Not prorating the cap limit "should help the agencies that are surpassing or close to the cap in this transition year," Sharp observes.

"It makes sense that they would not prorate the limitation," Sharp reasons. "The cap is computed annually, but the cap is really a lifetime beneficiary cap. The benes are still prorated across the cap periods, even though this transition year is just 11 months."

Details: For both the patient-by-patient and streamlined method of cap calculation, the time period in which payments count is Nov. 1, 2016 to Sept. 30, 2017. But the bene-counting time period differs for the two methodologies. The counting period runs Nov. 1, 2016 to Sept. 30, 2017 for patient-by-patient, but Sept. 28, 2016 to Sept. 30, 2017 for streamlined, Palmetto explains.

Next year, the process is much simpler. "Hospices and HH&H MACs are to count both beneficiaries and payments for hospices using the streamlined or the patient-by-patient proportional methods from October 1, 2017 to September 30, 2018" for the 2018 cap, Palmetto instructs.

Inpatient: For the inpatient cap, which covers GIP and respite care, the time period runs Nov. 1, 2016 to Sept. 30, 2016

□ 11 months. Next year, it will run a normal year at Oct. 1, 2017 to Sept. 30, 2018.

Start Calculating Your 2017 Hospice Cap Liability Soon

Meanwhile, don't let yourself get caught flat footed in this shorter cap year. "Once hospice claims are processed for the month of May 2017, hospices can begin to make fairly reasonable estimates for potential cap liabilities for the 2017 Cap Year," advises consulting firm **The Health Group** in Morgantown, W. Va.

Note: To see Palmetto's article, which includes a chart with reporting time periods for the different methodologies, go to www.palmettogba.com, click on "Jurisdiction M Home Health and Hospice" in the blue box, choose "Articles" from the "Topics" pull-down menu in the top bar, scroll down and click on "Hospice," and choose the June 27 article from the list of "Latest Articles." **CGS** has a condensed version of the article at <https://cgsmedicare.com/hhh/pubs/news/2017/0617/cope3656.html>.