

Eli's Hospice Insider

Payment: Watch Out For Wage Index Changes In 2016 And Beyond

Plus: Cap changes are in the works.

With major payment reform taking center stage in the 2016 hospice rule, don't overlook other rule provisions that may greatly affect your pay.

The **Centers for Medicare & Medicaid Services** plans to transition hospices to the new CBSA designations for wage index starting in 2016, it says in the rule. The first year hospices will see a 50/50 split between the old and new CBSAs, and CMS will fully transition hospices to the new designations in 2017, according to the proposed rule published in the May 5 Federal Register.

Reminder: The **Office of Management and Budget** published new CBSA designations in February 2013.

"The transition to the new labor market areas will result in some counties moving from rural to urban, urban to rural, and from one urban market to another," notes accounting and consulting firm **Frost Ruttenberg & Rothblatt** in rule analysis. "For counties changing CBSAs, the effect on reimbursement could be significant," FR&R warns.

Beware: "There are significant changes between the existing labor market delineations and the new delineations that are being phased in," highlights the **National Association for Home Care & Hospice**. In addition to county switches, the new changes include "the addition of new CBSAs ... and the splitting of some existing CBSAs," NAHC says.

The new CBSA designations are based on 2010 census data, while the old categories are based on 2000 census data, NAHC adds.

Final year: Hospices will be glad to say goodbye to the Budget Neutrality Adjustment Factor phase-out after this year. The seventh year of the BNAF elimination will reduce hospice payment rates by 0.6 percent, NAHC notes.

Cap Timeframe To Change

CMS also proposes to align cap reporting with hospices' fiscal years.

Old way: "The cap accounting year is currently November 1 to October 31," CMS notes.

New way: CMS wants to move that to Oct. 1 to Sept. 30. The agency had previously put off this change "partly because of a concern that a large portion of providers could still be using the streamlined method" for calculating their aggregate caps, which "has a different timeframe for counting the number of beneficiaries than the cap accounting year, allowing those beneficiaries who elected hospice near the end of the cap year to be counted in the year when most of the services were provided."

However: "For the 2013 cap year, only 486 hospices used the streamlined method," CMS notes in the rule. "The remaining providers used the patient-by-patient proportional method. Since the majority of providers now use the patient-by-patient proportional method, we believe there is no longer an advantage to defining the cap accounting year differently from the hospice rate update year."

"This proposal would eliminate timeframe complexities associating with counting payments and beneficiaries differently from the federal fiscal year and would help hospices avoid mistakes in calculating their aggregate cap determinations," CMS concludes.

The cap will increase from \$27,135.96 this year to \$27,624.41 in 2016, CMS proposes.

The timeframe for the inpatient cap will also switch to the fiscal year, CMS adds.