

Eli's Hospice Insider

Regulations: Hospices' Wage Index Arguments Fall On Deaf Ears

Medicare holds fast to its volatile wage index system.

One significant component affecting your payment rates will continue as usual next year - despite the industry's frustration with the methodology.

As in other years, commenters on the 2019 hospice proposed rule protested some facets of the wage index adjustment process that they deem unfair. Some of the problems commenters cited were "using older wage index data, not allowing reclassification, and not accounting for outward migration," according to the 2019 final rule published in the Aug. 6 Federal Register. Those problems show "the need for wage index reform for the hospice payment system."

Another problem cited was volatility due to using the pre-floor, pre-reclassified hospital wage index.

Examples: Commenters highlighted specific problem areas, including that: the wage index for Spokane, Washington increased in 2018 but will decrease in 2019, making it harder for providers to pay and retain employees; in rural Kentucky and Indiana, the costs of providing hospice care exceed Medicare payments; the New York City CBSA is problematic because it contains counties from New Jersey where labor costs are lower; and Washington, D.C. suburbs in Maryland should have the same index as the city but do not due to separate CBSA delineations.

The **Centers for Medicare & Medicaid Services** responds that it reviews hospital data for accuracy and it implements wage index changes in a budget neutral manner overall.

As for reclassification, "the current statute and regulations that govern the hospice payment system do not currently provide a mechanism for allowing hospices to seek geographic reclassification," CMS says in the rule. "We do not believe that using hospital reclassification data would be appropriate, as these data are specific to the requesting hospitals and they may or may not apply to a given hospice."

And for boundary problems, CMS says CBSA areas are up to the **Office of Management and Budget**. "While we recognize that OMB's geographic area delineations are not designed specifically for use in nonstatistical programs or for program purposes ... we continue to believe that the OMB's geographic area delineations represent a useful proxy for differentiating between labor markets and that the geographic area delineations are appropriate for use in determining Medicare hospice payments," the rule says.