

Eli's Hospice Insider

Regulations: Medicare Ditches 1-Year Lag For Wage Index

Don't expect to receive the same consideration as hospitals for wage index matters.

A new way of figuring wage index taking effect Oct. 1 means hospices will have little to no advance warning of major swings for their area.

Old way: "Historically, [the **Centers for Medicare & Medicaid Services**] has calculated the hospice wage index values using the prior year's pre-floor, pre-reclassified hospital wage index because it was the most recently finalized hospital wage index data available at the time that the hospice payment rule is promulgated," the **National Association for Home Care & Hospice** explains in a summary of the 2020 hospice payment final rule.

New way: Starting in fiscal year 2020, CMS will finalize "the removal of the 1 year wage index lag," the agency says in the rule published in the Aug. 6 Federal Register. "We will use the current year's wage index to geographically wage adjust hospice payments, so for the FY 2020 hospice per diem payment rates, these will be geographically wage-adjusted using the FY 2020 wage index."

CMS finalized the change despite some protests from commenters on the proposed rule. Multiple commenters lamented the loss of the time- frame that would allow providers to plan for "cases where the wage index drops substantially," the final rule notes. Losing the advance warning of wage index shifts - particularly large negative ones - is a disadvantage, they told CMS.

But CMS goes ahead with the plan anyway. "Using the most current up to date information will increase payment accuracy and result in more consistency and parity in the wage index methodology used by Medicare," the agency says in the final rule.

CMS shoots down other wage index-related suggestions submitted by commenters as well.

For example: Several commenters urged CMS to implement a wage index floor, where the wage index applicable to any provider in an urban area may not be less than the wage index applicable to providers in rural areas in that state.

Response: "Because the hospital rural floor applies only to hospitals, and not to hospices, we continue to believe the use of the pre-floor and pre-reclassified hospital wage index results in the most appropriate adjustment to the labor portion of the hospice payment rates," according to the rule.

CMS likewise declined suggestions to allow hospices to apply for geographic reclassification; to limit the amount of wage index swings from year to year; and to factor in more extensive travel time for hospice employees, particularly in rural and remote areas. And the **Medicare Payment Advisory Commission's** suggestion to transition away from using the hospital wage index would require legislative action, CMS added.