Eli's Hospice Insider

Regulations: More Hospices Likely To Exceed Caps Under New Rule

Change to slice half a billion dollars from reimbursement.

The **Centers for Medicare & Medicaid Services** is changing the factor it uses to update aggregate cap amounts, and many hospices may not like the result.

As mandated by the Improving Medicare Post-Acute Care Transformation Act of 2014, the aggregate cap for accounting years that end after Sept. 30, 2016 and before October 1, 2025, will be updated by the hospice payment update percentage rather than using the consumer price index for urban consumers (CPI-U), CMS explains in the rule.

Thus, effective for the 2016 cap year (Nov. 1, 2015 through Oct. 31, 2016), the cap amount for the previous year will be updated by the hospice payment update percentage, rather than the original $6,500 being annually adjusted by the change in the CPI-U for medical care expenditures since 1984, CMS details.

Watch out: "The hospice payment update percentage has risen at a slower pace than the CPI-U," explains the **National Association for Home Care & Hospice** in analysis of the rule. "Therefore, it is anticipated that the result of this change is more hospices going over the allowed aggregate cap and by a greater amount than in the past."

The change will strip $540 million from hospice spending over 10 years starting in 2017, CMS estimates in the rule.

End date: "This new provision will sunset for cap years ending after September 30, 2025, at which time the annual update to the cap amount will revert back to the original methodology," CMS says.

The change applies to the 2015 cap, CMS indicates. Thus, the 2015 cap amount is $27,382.63 and the 2016 cap amount is $27,820.75.

Other Cap Changes On Deck

The final rule aligns the cap accounting year for both the inpatient cap and the hospice aggregate cap with the fiscal year for FY 2017 and later, CMS notes in its fact sheet for the rule.

Old way: The cap accounting year is currently Nov. 1 to Oct. 31, CMS notes in the rule. One reason CMS has kept this timeframe, which doesn't align with the federal fiscal year and hospice rate updates, is because some hospices still use the streamlined method for cap calculation. That method "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," the agency notes.

New way: For the 2013 cap year, only 486 hospices used the streamlined method; 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; maintaining a cap accounting year (as well as the period for counting beneficiaries under the streamlined method) that is different from the federal fiscal year creates an added layer of complexity that can lead to hospices unintentionally calculating their aggregate cap determinations incorrectly." Therefore, CMS is making the switch. (See a

chart with the dates for reporting years in Table 26 of the rule.)

Plus: "Hospices are required to file a self-determined inpatient and aggregate cap determination on or before March 31, 2017 for the 2016 cap year and on or before February 28, 2018 for the 2017 cap year," CMS confirms.

Note: See the rule at www.gpo.gov/fdsys/pkg/FR-2015-08-06/pdf/2015-19033.pdf.