

Eli's Hospice Insider

Reimbursement: It's Time To Elect Your Hospice Cap Method

Choices differ for this year versus next year.

At least one HHH MAC is ready to accept your hospice cap election.

Background: Under the 2012 hospice payment final rule, the **Centers for Medicare & Medicaid Services** is allowing hospices to choose a hospice cap calculation methodology -- the current "streamlined" methodology that counts beneficiaries all in one year, or the new proportional methodology that prorates benes between years based on days of service.

"All providers will be switched to the new methodology for all cap years ending on or after October 31, 2012, with the exception of those who elect to have their cap determinations completed using the streamlined method," Home Health & Hospice Medicare Administrative Contractor **CGS** says in a message to providers.

2011 cap year deadline: "Providers that have not challenged the current (streamlined) methodology used for determining the number of beneficiaries will continue to have their caps calculated using the streamlined methodology for cap years ending on or before October 31, 2011," CGS explains. If you want to use the proportional methodology instead, you need to send a letter requesting the switch "before receipt of the 2011 (or prior) cap year determination," the MAC instructs.

Warning: "Once you switch to the new methodology, your cap determinations going forward will be calculated using the new method and you cannot switch back to the streamlined method," CGS stresses.

This is the reason doing nothing may be your best bet at the moment. If you're wavering about which methodology to pick, the best option may be to stick with the current streamlined method for right now, as long as your agency has not historically had cap problems, suggests financial expert **Mark Sharp** with **BKD** in Springfield, Mo.

That's because a hospice can always choose to switch methodologies in the future, Sharp points out. But once a hospice actively elects a specific cap methodology, it can't switch back to the other cap calculation method, Sharp tells **Eli**. Not making an active election at this time keeps your options open for the future, he explains.

You Can Always Change Methods, Even Years Later

2012 cap year deadline: Under the grandfathering option, hospices can elect to use the streamlined method after 2011 too, CGS explains. "To elect this option, providers will need to send us a letter stating that they wish to continue to have their caps calculated using the streamlined methodology," CGS instructs. "The election can be made at any time between October 1, 2011, and up to 60 days after receipt of your 2012 cap determination."

Keep your options open: "Providers that continue to have their caps calculated using the streamlined method can later elect to switch to the patient-by-patient proportional method," CGS assures. To do so, "providers may submit a written request, prior to receipt of that cap years determination, or by appealing a cap determination calculated using the streamlined methodology."

If you haven't gotten the OK from your HHH MAC to pick a methodology, don't jump the gun, one MAC is telling hospices. "Please be aware that there is not a requirement to notify our office ... of your hospice cap calculation method," **Palmetto GBA** says in a message to providers. "Palmetto GBA is currently awaiting final instructions from CMS regarding the process to submit your choice for the hospice cap calculation method."

Note: See CGS's notice, including a description of each type of methodology and the address for the election letters, at



www.cgsmedicare.com/hhh/pubs/news/2011/1011/WR272.html.