



Hospice Payments: FY 2024 Update

Related CR Release Date: August 10, 2023

MLN Matters Number: MM13289

Effective Date: October 1, 2023

Related Change Request (CR) Number: [CR 13289](#)

Implementation Date: October 2, 2023

Related CR Transmittal Number: R12193CP

Related CR Title: Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for Fiscal Year (FY) 2024

Affected Providers

- Hospices
- Other providers billing Medicare Administrative Contractors (MACs) for hospice services they provide to Medicare patients

Action Needed

Learn about updates effective October 1, 2023:

- Payment rates
- Inpatient and aggregate caps
- Wage index

Background

CMS updates payment rates for hospice care, the hospice cap amount, and the hospice wage index annually. We use the inpatient hospital market basket, adjusted for multifactor productivity (MFP) and other adjustments to get the hospice payment update percentage.

Section 4162 of the [Consolidated Appropriations Act \(CAA\) of 2023](#) amended Section 1814(i)(2)(B) of the Social Security Act to extend the provision that mandates we update the hospice cap by the hospice payment update percentage (hospital market basket update reduced by the productivity adjustment) rather than the CPI for All Urban Consumers (CPI-U) for accounting years that end after September 30, 2016, and before October 1, 2032.

We use the hospice wage index to adjust payment rates to show local differences in wages.

Section 407(b) of the [CAA, 2021](#) changed the payment reduction for failing to meet hospice quality reporting requirements from 2 to 4% starting with FY 2024.

FY 2024 Hospice Payment Rates

We base the hospice payment update percentage for FY 2024 on the inpatient hospital market basket update of 3.3%. We then adjust the inpatient hospital market basket update of 3.3% with an MFP adjustment, which is an estimated 0.2% for FY 2024. This makes the hospice payment update for FY 2024 to be 3.1%. The final FY 2024 rates for hospices that don't submit the required quality data would be the FY 2024 hospice payment update of 3.1% minus 4%, which results in an update of -0.9%.

The FY 2024 hospice payment rates are effective for care and services you provide from October 1, 2023 - September 30, 2024. We discuss the hospice payment rates further in Section 30.2, Chapter 11, the [Medicare Claims Processing Manual](#).

[Table 1 of CR 13289](#) shows your FY 2024 hospice payment rates if you submit the required quality data. [Table 2 of CR 13289](#) shows your payment rates if you don't submit the required quality data.

Hospice Inpatient and Aggregate Caps

The 2024 cap year will be October 1, 2023 - September 30, 2024.

For the 2024 inpatient cap year, we'll calculate the percentage of all hospice days provided as inpatient days, including general inpatient care (GIP) and respite care, from October 1, 2023 - September 30, 2024.

The hospice cap amount for the 2024 cap year is equal to the FY 2023 cap amount, which was \$32,486.92, updated by the FY 2024 hospice payment update of 3.1%. As such, the FY 2024 cap amount is \$33,494.01.

Hospice Wage Index

The [FY 2023 hospice final rule](#) finalized the application of a permanent 5% cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline starting in FY 2023. In other words, we finalized that a geographic area's wage index for FY 2023 and subsequent years wouldn't be less than 95% of its wage index calculated in the prior FY. The [wage index](#) is available.

We'll incorporate the revised payment rates and wage index in the Hospice Pricer and forwarded to your MAC.

Hospice Labor Shares

The [FY 2022 hospice final rule](#) revised the labor shares used to wage-adjust hospice payments for each level of care. The revised labor share for:

- Routine home care is 66.00% and the corresponding non-labor share is 34.00%
- Continuous home care is 75.20% and the corresponding non-labor share is 24.80%
- Inpatient respite care is 61.00% and the corresponding non-labor share is 39.00%

- GIP care is 63.50% and the corresponding non-labor share is 36.50%

More Information

We issued CR 13289 to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
August 10, 2023	Initial article released.

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