

Chapter 11

Addendum B (FY 2016)

Hospice Rate Information - Hospice Wage Indexes For Urban Areas - FY 2016

Revision: C-1, March 10, 2017

Source: 80 FR 47142. Medicare program; FY 2016 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements; Final Rule.

On February 28, 2013, the Office of Management and Budget (OMB) provided revisions to the delineation of Metropolitan Statistical Areas (MSAs), Metropolitan Divisions, Micropolitan Statistical Areas, and Combined Statistical Areas that were more representative of the actual costs of labor in a given area. In order to provide a transition to the revised geographic area delineations, a blended wage index will be used for hospice payments for one year (FY 2016). The transition wage index will be a 50/50 blend of the wage index values using OMB's old area delineations and the wage index values using OMB's new area delineations. That is, for each county, a blended wage index is calculated equal to fifty percent of the FY 2016 wage index using the old labor market area delineation and fifty percent of the FY 2016 wage index using the new labor market area delineations, resulting in an average of the two values (referred to as the FY 2016 transition wage index). The hospice floor calculation is applied to the wage index values prior to blending. The transition policy will be for a one-year period, going into effect on October 1, 2015, and continuing through September 30, 2016.

The FY 2016 wage indexes for urban and rural areas have been combined into a single transitional file available on the Centers for Medicare and Medicaid Services (CMS) web site at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/index.html>. The wage index file provides a crosswalk between the FY 2016 wage index using the current OMB delineations in effect on FY 2015 and the FY 2016 wage index using the revised OMB delineations, as well as the transition wage index values that will be in effect in FY 2016.

Due to the way that the transition wage index is calculated, some Core Based Statistical Areas (CBSAs) and statewide rural areas may have more than one transition wage index value associated with that CBSA or rural area. However, each county will have only one transition wage index. For counties located in CBSAs and rural areas that correspond to more than one transition wage index value, the CBSA number will not be able to be used for FY 2016 claims. In these cases, a number other than the CBSA number will be necessary to identify the appropriate wage index value on claims for hospice care provided in FY 2016. These numbers are five digits in length and begin with "50". These codes are shown in the last column of the wage index file in place of the CBSA number where appropriate. For counties located in CBSAs, and for rural areas that still correspond to only one wage index value, the CBSA number will still be used.

TRICARE Reimbursement Manual 6010.61-M, April 1, 2015

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This is a temporary consolidation of previously separate addendums (separate urban and rural wage index addendums) to accommodate the transition Wage Index that is to be used for FY 2016.

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