

October 7, 2015

<Provider Name>
<Provider Address1>
<Provider Address2>
<Provider City> <state> <zipcode5-zip4>

Dear Provider:

RE: Hospice Reimbursement Changes

The purpose of this letter is to inform Medicaid hospice providers of changes in Medicaid hospice reimbursement during Fiscal Year (FY) 2016. These changes are in accordance with the Centers for Medicare & Medicaid Services (CMS) FY 2016 Hospice Wage Index Final Rule published August 6, 2015 in the Federal Register, Vol. 80, No. 151 and also the CMS notice of Annual Change in Medicaid Hospice Payment Rates dated September 1, 2015. The reimbursement changes are applicable to Fee-for-Service (FFS) Medicaid and Medicaid Health Plans.

Michigan Core Based Statistical Area (CBSA) Code Changes

Effective for dates of service on or after October 1, 2015, four Michigan CBSA codes — 24340, 26100, 99923 and 47644 — will be eliminated, and providers will need to report the new CBSA codes assigned by CMS on their claims. This is due to changes within the FY 2016 Hospice Wage Index and revisions to geographic area delineations. The CMS FY 2016 hospice wage index and the entire list of Michigan CBSA codes by county can be found at www.cms.gov/Medicare/Medicare-Fee-for-Service-payment/Hospice/index.html. (Scroll down to the "Downloads" section and click on FY 2016 Wage Index.)

Medicaid Hospice Reimbursement Effective January 1, 2016

Hospice providers are reimbursed one routine home care rate each day regardless of a patient's length of stay. Effective for dates of service on and after January 1, 2016, routine home care will change to a two-tiered rate of reimbursement, with a higher rate for the first 60 days of hospice care and a lower rate for days 61 and beyond. Also, a Service Intensity Add-on (SIA) payment will be made for visits conducted by a Registered Nurse (RN) or social worker during the last seven days of a beneficiary's life, up to four hours per day, in addition to the routine home care rate for that day. The two-tiered routine home care rate and SIA payment will apply to beneficiaries receiving hospice in the home, hospice residence or nursing facility settings.

Detailed guidance and instruction for billing the two-tiered routine hospice rate and SIA will be communicated to Medicaid hospice providers in the near future.

Sincerely,



Kathy Stiffler, Acting Director
Medical Services Administration