

# Issue Brief

FEDERAL ISSUE BRIEF



Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

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## **CMS Posts Proposed FY 2026 Hospice Wage Index and Payment Rate Update**

The Centers for Medicare and Medicaid Services (CMS) have issued a final rule to update hospice payment rates, wage indexes and the aggregate hospice cap amount for Fiscal Year (FY) 2026.

A copy of the 62-page rule is at: <https://public-inspection.federalregister.gov/2025-06317.pdf>.

Publication is scheduled for April 30. A 60-day comment period ending June 10 is provided.

### **Comment**

The overall economic impact of this rule is estimated to be a \$695 million an increase in payments to hospices in FY 2026. (Page 5)

This is another rule that contains no table of contents, we are inserting relative page numbers from the rule's display version.

As required by OMB, CMS provides the following table to explain the changes in overall payments to hospices.

<b>Hospice Payment Update Category</b>	<b>FY 2025 to FY 2026 Transfers</b>
Annualized Monetized Transfers	\$695 million
From Whom to Whom?	Federal Government to Medicare Hospices

### **PROVISIONS OF THE PROPOSED RULE (Page 10)**

#### **Proposed FY 2026 Hospice Payment Update Percentage (Page 18)**

The proposed hospice payment update percentage for FY 2026 is based on the most recent estimate of the inpatient hospital market basket (based on IGI's fourth quarter 2024 forecast).

The proposed inpatient hospital market basket percentage increase for FY 2026 of 3.2 percent is required to be reduced by a productivity adjustment as mandated by section 3401(g) of the Affordable Care Act. The proposed productivity adjustment for FY 2026 is 0.8 percentage point (based on IGI's fourth quarter 2024 forecast). Therefore, the proposed hospice payment update percentage for FY 2026 is **2.4 percent**.



**Proposed FY 2026 Hospice Payment Rates (Page 21)**

The FY 2026 RHC rates and the FY 2026 payment rates for CHC, IRC, and GIC are shown in the tables below.

**Proposed FY 2026 Hospice RHC Payment Rates**

Code	Description	FY 2025 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization on Factor	FY 2026 Hospice Payment Update	Proposed FY 2026 Payment Rates
651	Routine Home Care (days 1-60)	\$224.62	1.0005	1.0009	X 1.024	<b>\$230.33</b>
651	Routine Home Care (days 61+)	\$176.92	1.0001	1.0018	X 1.024	<b>\$181.51</b>

**Proposed FY 2026 Hospice CHC, IRC, and GIC Payment Rates**

Code	Description	FY 2025 Payment Rates	Wage Index Standardization Factor	FY 2026 Hospice Payment Update	Proposed FY 2026 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care	\$1,618.59	1.0047	X 1.024	<b>\$1,665.23</b> (\$69.38 per hour)
655	Inpatient Respite Care	\$518.78	1.0007	X 1.024	<b>\$531.60</b>
656	General Inpatient Care	\$1,170.04	0.9994	X 1.024	<b>\$1,197.40</b>

Beginning with the FY 2024 Annual Payment Update (APU) and for each subsequent year, the Secretary shall reduce the market basket percentage increase by 4.0 percentage points for any hospice that does not comply with the quality data submission requirements for that FY. (Page 22)

**Proposed Hospice RHC Payment Rates for Hospices That **DO NOT** Submit  
the Required Quality Data**

Code	Description	FY 2025 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	FY 2026 Hospice Payment Update of 2.4% minus 4.0 percentage points -1.6%	Proposed FY 2026 Payment Rates
651	Routine Home Care (days 1-60)	\$224.62	1.0005	1.0009	0.984	\$221.34
651	Routine Home Care (days 61+)	\$176.92	1.0001	1.0018	0.984	\$174.42

**Proposed FY 2026 Hospice CHC, IRC, and GIP Payment Rates for Hospices That  
**DO NOT**  
Submit the Required Quality Data**

Code	Description	FY 2025 Payment Rates	Wage Index Standardization Factor	FY 2025 Hospice Payment Update of 2.6% minus 4.0 percentage points = -1.1%	FY 2025 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care.	\$1,618.59	1.0047	0.984	\$1,600.18 (\$66.67 per hour)
655	Inpatient Respite Care	\$518.78	1.0007	0.984	\$510.84
656	General Inpatient Care	\$1,170.04	0.9994	0.984	\$1,150.63

**Hospice Cap Amount for FY 2025 (Page 23)**

The proposed hospice cap amount for FY 2026 year is **\$35,292.51**, which is equal to the FY 20245 cap amount (\$34,465.34) updated by the FY 2025 hospice payment update percentage of 2.4 percent.

**Labor Share (Page 19)**

	<b>Labor Share</b>	<b>Non-Labor Share</b>
<b>Routine Home Care</b>	66.0 Percent	34.0 Percent
<b>Continuous Home Care</b>	75.2 Percent	24.8 Percent
<b>Inpatient Respite Care</b>	61.0 Percent	39.0 Percent
<b>General Inpatient Care</b>	63.5 Percent	36.5 Percent

The labor amounts above are the current amounts (FY 2025). There appears to be no change for FY 2026

**FY 2026 Hospice Wage Index Update (Page 14)**

For FY 2026, CMS is proposing that the hospice wage index be based on the FY 2026 hospital pre-floor, pre-reclassified wage index for hospital cost reporting periods beginning on or after October 1, 2021 and before October 1, 2022 (FY 2022 cost report data).

The FY 2026 hospice wage index will continue to include the hospice floor as well as the 5.0 percent cap on wage index decreases.

The hospice wage index does include the hospice floor, which is applicable to all CBSAs, both rural and urban. The hospice floor adjusts pre-floor, pre-reclassified hospital wage index values below 0.8000 by a 15 percent increase subject to a maximum wage index value of 0.8000.

For example, if CBSA A has a pre-floor, pre-reclassified hospital wage index value of 0.3994, CMS would multiply 0.3994 by 1.15, which equals 0.4593. Since 0.4593 is not greater than 0.8000, the CBSA A's hospice wage index would be 0.4593.

In another example, if CBSA B has a pre-floor, pre-reclassified hospital wage index value of 0.7440, CMS would multiply 0.7440 by 1.15, which equals 0.8556. Because 0.8556 is greater than 0.8000, CBSA B's hospice wage index would be 0.8000.

The wage index applicable for FY 2026 is available at: [www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index). (Page 19)

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**Proposed Regulation Change to Admission to Hospice Care (Page 24)**

CMS proposes to add the text “or the physician member of the hospice interdisciplinary group” at § 418.25(a) and (b) to indicate that, in addition to the medical director or physician designee, the physician member of the hospice interdisciplinary group (IDG) may also determine admission to hospice care. (Page 26)

**Proposed Clarifying Regulation Change Regarding Face-to-Face Attestation (Page 27)**

CMS proposes to amend § 418.22(b)(4) to set forth that the physician, or NP who performs the face-to-face encounter attest that the face-to-face encounter occurred, and the attestation must include the signature of the physician or NP who conducted the face-to-face encounter and the date it was signed.

Further, CMS proposes that the attestation, its accompanying signature, and the date signed, must be a separate and distinct section of, or an addendum to, the recertification form, and must be clearly titled.

**Updates for the Hospice Quality Reporting Program (HQRP) (Page 29)**

The rule’s Table 5 shows the current quality measures in effect for the FY 2026 HQRP, which were updated and finalized in the FY 2025.

For FY 2026, CMS proposes to correct a typographical error in the regulations text at § 418.312(j), restate the HOPE requirements that will be implemented starting October 1, 2025, and solicit public comments related to two RFIs on future quality measure concepts for HQRP.

To seek feedback on current adoption of health information technology (IT) and standards, including Fast Healthcare Interoperability Resources (FHIR), CMS is seeking feedback on two RFIs: 1) Future measure on the topics of interoperability, nutrition, and well-being; and 2) Advancing digital quality measurement.