Issue Brief

FEDERAL ISSUE BRIEF

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CMS Issues Final 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 86-page rule is at: https://public-inspection.federalregister.gov/2025-14782.pdf

Publication is scheduled for August 5.

Comment

The overall economic impact of this rule is estimated to be a $750 million, an increase in payments to hospices in FY 2026. (Page 4)

This is another rule that contains no table of contents. However, it does contain a listing of the various sections of the rule, and its contents.

Page numbers referenced within this brief is from the rule's display version.

The rule contains very helpful "Final Decision" paragraphs. This is an item that should be required by all PPS rules.

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

Hospice Payment Update Category	FY 2025 to FY 2026 Transfers
Annualized Monetized Transfers	$750 million
From Whom to Whom?	Federal Government to Medicare Hospices

**The increase of $750 million in transfer payments is a result of the 2.6 percent hospice payment update compared to payments in FY 2025.* (Page 79)

PROVISIONS OF THE FINAL RULE (Page 9)

FY 2026 Hospice Payment Update Percentage (Pages 18 & 33)

CMS estimates that the FY 2026 IPPS market basket increase is **3.3 percent**. Based on more recent data available as published in the FY 2026 IPPS/LTCH PPS final rule (that is, IGI's second quarter 2025 forecast of the productivity adjustment), the current estimate of the productivity adjustment for FY

2026 is **-0.7 percentage** point. Therefore, the final hospice payment update percentage for FY 2026 is **2.6 percent** (0.2 percentage point higher than the proposed hospice payment update percentage).

(3.3-0.7=2.6)

FY 2026 Hospice Payment Rates (Page 35)

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

Final 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	FY 2026 Payment Rates
651	Routine Home Care (days 1-60)	$224.62	1.0005	1.0011	X 1.026	**$230.83**
651	Routine Home Care (days 61+)	$176.92	1.0001	1.0022	X 1.026	**$181.94**

Final FY 2026 Hospice CHC, IRC, and GIC Payment Rates

Code	Description	FY 2025 Payment Rates	Wage Index Standardization Factor	FY 2026 Hospice Payment Update	FY 2026 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care	$1,618.59	1.0082	X 1.026	**$1,674.29** ($69.76 per hour)
655	Inpatient Respite Care	$518.78	1.0004	X 1.026	**$532.48**
656	General Inpatient Care	$1,170.04	0.9995	X 1.026	**$1,199.86**

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 36)

Final Hospice RHC Payment Rates for Hospices That DO NOT Submit the Required Quality Data (Page 37)

Code	Description	FY 2025 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	FY 2026 Hospice Payment Update of 2.6% minus 4.0 percentage points -1.6%	FY 2026 Payment Rates
651	Routine Home Care (days 1-60)	$224.62	1.0005	1.0011	0.986	$221.83
651	Routine Home Care (days 61+)	$176.92	1.0001	1.0022	0.986	$174.84

Final FY 2026 Hospice CHC, IRC, and GIP Payment Rates for Hospices That

DO NOT

Submit the Required Quality Data

(Page 37)

Code	Description	FY 2025 Payment Rates	Wage Index Standardization Factor	FY 2026 Hospice Payment Update of 2.6% minus 4.0 percentage points = -1.1%	FY 2026 Payment Rates
652	Continuous Home Care Full Rate = 24 hours of care.	$1,618.59	1.0082	0.986	$1,609.02 ($67.04 per hour)
655	Inpatient Respite Care	$518.78	1.0004	0.986	$511.72
656	General Inpatient Care	$1,170.04	0.9995	0.986	$1,153.08

Hospice Cap Amount for FY 2026 (Page 39)

The hospice cap amount for FY 2026 year is **$35,361.44**, which is equal to the FY 20245 cap amount ($34,465.34) updated by the FY 2025 hospice payment update percentage of 2.6 percent.

Labor Share (Page 25)

CMS says the following table identifies the current labor/ non-labor share amounts, base on FY 2022 data.

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

FY 2026 Hospice Wage Index Update (Pages 9, 11 & 16)

For FY 2026, the hospice wage index is 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.

Using the example previously stated, 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. If CBSA "A" had a wage index value of 0.6200 in the previous FY, then CMS would compare 0.4593 to the previous FY's wage index value. Since 0.4593 is less than 95 percent of 0.6200, then CBSA "A's" hospice wage index would be 0.5890, which is equal to 95 percent of the previous FY's wage index value of 0.6200. In the next FY, the updated wage index value would be compared to the wage index value of 0.5890.

The wage index applicable for FY 2026 is available at: www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Hospice-Wage-Index. (Pages 19 & 23)

Finalized Regulation Change to Admission to Hospice Care (Page 40)

CMS is finalizing its proposal to add the text "or the physician member of the hospice interdisciplinary group" to § 418.25(a) and (b) to indicate that, in addition to the medical director or physician designee, the physician member of the hospice IDG may also determine admission to hospice care.

Finalized Clarifying Regulation Change Regarding Face-to-Face Attestation (Page 40)

CMS is finalizing a modification to the regulation text at § 418.22(b)(4) to clarify that the attestation requirement may be fulfilled by not only a clearly titled section of or an addendum to the recertification

form, but also by a signed and dated clinical note within the medical record that documents clear indication that the face-to-face encounter occurred and includes the date of the visit, the signature of the practitioner who conducted the face-to-face encounter, and the date of the signature.

Updates for the Hospice Quality Reporting Program (HQRP) (Page 52))

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

Quality Measures in Effect for the FY 2026 Hospice Quality Reporting Program

Hospice Quality Reporting Program
Hospice Items Set (HIS) and Hospice Outcomes and Patient Evaluation (HOPE)
Hospice and Palliative Care Composite Process Measure—Comprehensive Assessment Measure at Admission includes: 1. Patients Treated with an Opioid who are Given a Bowel Regimen 2. Pain Screening 3. Pain Assessment 4. Dyspnea Treatment 5. Dyspnea Screening 6. Treatment Preferences 7. Beliefs/Values Addressed (if desired by the patient)
Administrative Data, including Claims-based Measures
Hospice Visits in the Last Days of Life (HVLDL)
Hospice Care Index (HCI) 1. Continuous Home Care (CHC) or General Inpatient (GIP) Provided 2. Gaps in Skilled Nursing Visits 3. Early Live Discharges 4. Late Live Discharges 5. Burdensome Transitions (Type 1)–Live Discharges from Hospice Followed by Hospitalization and Subsequent Hospice Readmission 6. Burdensome Transitions (Type 2)–Live Discharges from Hospice Followed by Hospitalization with the Patient Dying in the Hospital 7. Per-beneficiary Medicare Spending 8. Skilled Nursing Care Minutes per Routine Home Care (RHC) Day 9. Skilled Nursing Minutes on Weekends 10. Visits Near Death

Hospice Quality Reporting Program
CAHPS Hospice Survey
CAHPS Hospice Survey 1. Communication with Family 2. Getting Timely Help 3. Treating Patient with Respect 4. Emotional and Spiritual Support 5. Help for Pain and Symptoms 6. Training Family to Care for Patient 7. Care Preferences 8. Rating of this Hospice 9. Willing to Recommend this Hospice

CMS, is correcting, as proposed correcting a typographical error in the regulations text at § 418.312(j), to restate the HOPE requirements that will be implemented starting October 1, 2025.

Final Thought

This rule was an easy to read and understand rule. Maybe it was because it is only 82 pages, and it provides very helpful "Final Decision" sections.