CMS Proposes Significant Changes to Hospice Cost & Data Reports

The U.S. Centers for Medicare & Medicaid Services (“CMS”) has released its draft of the revised Hospice Cost & Data Report. The report requires extensive changes in reporting financial and statistical information for purposes of securing cost information on the four levels of service; routine home care, general inpatient care, inpatient respite care, and continuous care. The changes will impact freestanding hospices beginning October 1, 2014. Similar rules for provider-based hospices will follow.

The Centers for Medicare & Medicaid Services (CMS) has released the revised draft of the Hospice Cost and Data Report (CMS Form 1984-14). The cost report is substantially expanded from the current cost reporting form (CMS Form 1984-99), and focuses on a process to have costs reported based on the level of care which was expected. The method for achieving this however, was not expected. To accurately complete the draft Hospice Cost and Data Report will require most hospices to substantially expand their chart of accounts and accumulate statistical information not presently being accumulated.

Hospices will need to segregate all direct patient care costs by multiple cost categories into the respective level of care:

<table>
<thead>
<tr>
<th>Routine home care</th>
<th>Inpatient respite care</th>
</tr>
</thead>
<tbody>
<tr>
<td>General inpatient care</td>
<td>Continuous care</td>
</tr>
</tbody>
</table>

This represents a substantial expansion of the manner in which hospices will need to recognize costs in their accounting records. Hospices will need to immediately begin to focus on accumulating this cost information and determine those procedures, i.e. payroll procedures that will be impacted by the need for additional cost segregation.
The report will require modification to the manner in which general service costs are accumulated by hospices and the statistical information accumulated by the hospice. General service cost centers — those allocated to all activities conducted by the hospice — have been expanded and now include:

- Laundry and linen service
- Housekeeping
- Dietary
- Nursing Administration
- Routine Medical Supplies
- Medical records
- Medical Social Services
- Spiritual Counseling
- Pharmacy

Below is a summary of the revisions to the cost reporting forms.

<table>
<thead>
<tr>
<th>WORKSHEET</th>
<th>REVISIONS MADE TO FORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>S-2</td>
<td>Included to incorporate data previously reported on the Provider Cost Report Reimbursement Questionnaire, Form CMS-339.</td>
</tr>
<tr>
<td>A</td>
<td>Modified to separately identify general service costs.</td>
</tr>
<tr>
<td>A-1 – A-4</td>
<td>Modified to identify direct patient care services by level of care.</td>
</tr>
<tr>
<td>B and B-1</td>
<td>Modified to separately identify costs by level of care.</td>
</tr>
<tr>
<td>D</td>
<td>Renamed Worksheet C.</td>
</tr>
<tr>
<td>G</td>
<td>Renamed Worksheet F.</td>
</tr>
</tbody>
</table>

These general service cost centers, as in the past, are allocated based on statistics. The expanded cost centers require new statistics, however, such as meals for dietary requirement, direct nursing hours for nursing administration, and other specific needs.

Additionally, there is a substantial expansion relating to reporting non-reimbursable activities to include marketing, residential care, nursing facility room and board, and more. The draft report contains many of the reporting elements that were expected, yet the expansion of general cost centers far exceeds what was anticipated.

While CMS has not released draft changes for home health agency-based hospices, the Home Health Agency Cost Report is expected to include substantial expansion of the Worksheet K Series where hospice costs and statistics are reported.

The flow of the revised Hospice Cost & Data Report would easily facilitate all hospice costs to be reported on Worksheet A of the Home Health Agency Cost Report with such information expanded upon in the K Series, as is presently the case.

HHAs operating hospice providers, which are currently reported on the Home Health Agency Cost Report, should prepare for the same expansion of cost and statistical information as is planned for freestanding hospices. Provider groups have filed comments with CMS which will be reviewed in preparation of the final rule being released sometime in 2014.
Medicare Hospice Payment Rates Updated for FY 2014

Medicare daily payments to hospices effective October 1, 2014 are as follows, prior to any wages adjustments based on the location of the patient:

- **Routine Home Care**: $156.06
- **Continuous Care (Maximum Daily Rate)**: $910.78
- **Inpatient Respite Care**: $161.42
- **General Inpatient Care**: $694.19

These rates were published in the Final Rule released on August 1, 2013.

It is obvious that CMS is relying on hospice submitted data on billings and cost reports. It is increasingly obvious that hospices must be accurate in every aspect of reporting hospice claims and preparing hospice cost reports. Failure to accurately report and document, places the hospice and the entire industry at risk of increased scrutiny, increased regulation, and inappropriate reimbursements.

The rates provided above do not give any consideration to continued sequestration of payments to hospice providers.

The Final Rule also provides guidance on diagnosis reporting, changes in the requirements for hospice quality reporting, implementation of a Hospice Item Set (“HIS”), implementation of a Hospice Experience of Care Survey, and updates on hospice payment reform.

Source: National Association for Homecare & Hospice