

Hospice Medicare FY2025 Pricer & Medicaid Rates Now Available

Source: The Alliance, September 23, 2024

Beginning October 1, 2024, hospice base payment rates will increase by 2.9 percent, as published in the final [FY 2025 Hospice Payment Rule](#). As is customary, the Medicaid program waits until Medicare rates are finalized to issue guidance on the applicable corresponding hospice payment rates. The Centers for Medicare & Medicaid Services (CMS) Medicaid Financial Management Group recently issued a [memorandum](#) containing the minimum Medicaid hospice rates that will be applicable for FY2025.

Hospices should note that the hourly rate for *Continuous Home Care* (\$67.44 under Medicare and \$67.47 for Medicaid) will be the rate applicable to the Service-Intensity Add-on (SIA) applied to certain in-person visit hours delivered by RNs and Social Workers in the last week of life while a patient is on Routine Home Care (RHC).

Medicare and Medicaid rates vary slightly due to consideration of potential copayments that are included when calculating the Medicare rates but not those for Medicaid.

Recently CMS also issued [Transmittal 12831/Change Request 13707](#), which communicates the Update to Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY2025 to the Medicare Administrative Contractors (MACs).

Here's the [FY 25 Final Hospice Wage Index](#)

Both of these communications – the Medicaid Financial Management Group Memorandum and Transmittal 12831 – provide a breakdown of the labor and non-labor portion of the rates for use when applying the [wage index](#) and include information on rates that will be applicable for those hospices that failed to meet the quality reporting requirements applicable to FY2025.

Effective beginning with FY2024, section 1814(i)(5)(A)(i) of the *Social Security Act* was amended by the *Consolidated Appropriations Act of 2021* (CAA) to increase the payment reduction for Medicare hospices who fail to meet hospice quality measure reporting requirements from 2 percentage points to 4 percentage points. Medicaid minimum rates would be reduced by the amount of any penalty due to non-reporting provided a state has chosen to implement this optional Medicaid hospice rate reduction for lack of quality reporting and imposition of the penalty as well as the penalty percentage has been specified in the Medicaid state plan.

The TABLE below contains a comparison drawn from these two documents of the FY2025 Medicare and Medicaid rates. It should be noted that CMS will continue to follow a policy

put into effect beginning with FY2023 under which reductions in wage index values from one year to the next will be limited to a drop of 5 percent.

The hospice cap amount for Medicare for the cap year ending September 30, 2025, is \$34,465.34. This cap is optional for hospice services under the Medicaid program. States choosing to implement this cap must specify its use in the Medicaid State plan.

Description	FY2025 MEDICARE Payment Rate	FY2025 MEDICAID Payment Rate
Routine Home Care (Days 1-60)	\$224.62	\$224.91
Routine Home Care (Days 61+)	\$176.92	\$177.15
Continuous Home Care Full Rate = 24 hours	\$1618.59 (\$67.44 hourly rate)	\$1619.22 (\$67.47 hourly rate)
Inpatient Respite Care	\$518.78	\$212.97
General Inpatient Care	\$1170.04	\$1170.04

FY 2025 Medicare Hospice Payment Rates under MEDICARE and MEDICAID*