Third Party Reimbursement Solutions LLC

WASHINGTON perspectives

An Analysis and Commentary on Federal Health Care Issues
by Larry Goldberg

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CMS Proposes Fiscal Year 2027 Hospice Wage Index and Payment Rate Update and Quality Reporting Program Requirements

The Centers for Medicare and Medicaid Services (CMS) are issuing a proposed rule to update the hospice wage index, payment rates, and cap amount for FY 2027 as required under section 1814(i) of the Social Security Act (the Act).

The proposal also includes an analysis of Medicare non-hospice spending under a hospice election, including details regarding a hospice spending variation index (SSVI). The SSVI includes a scoring system that monitors nine claims-based metrics in order to comprehensively
assess hospice services and yield a provider ranking that can be utilized by beneficiaries to make more informed health decisions and support program integrity efforts.

The rule also proposes to require that hospices provide the hospice election statement addendum to all Medicare beneficiaries at the time of hospice election. Additionally, the proposed rule proposes conforming regulation text changes to allow a physician designee or physician member of the interdisciplinary group (IDG), in addition to the hospice medical director, to discharge a patient from hospice care.

The proposal also includes conforming regulation text changes to the hospice telehealth face-to-face policy for the sole purpose of hospice recertification codified at § 418.22(a)(4)(ii) to align with the end date and new requirement to include modifiers or codes for such encounters as set forth in statute at section 1814(a)(7)(D)(i)(II) of the Act, as well as a subclause that prohibits the use of telehealth to conduct the face-to-face encounter in specific situations related to moratoriums (section 1866(j)(7) of the Act), enhanced oversight (section 1866(j)(3) of the Act), or enrollment status (section 1866(j) of the Act).

The rule also includes requests for information (RFI) on enhancing community palliative care services under current Medicare benefits, the construction of a hospice specific wage index using Bureau of Labor Statistics (BLS) data, and the overlap between hospice and medical aid in dying (MAID).

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larry004b@gmail.com

Finally, this rule proposes adding an icon to the Medicare.gov Compare Tool as part of the Hospice Quality Reporting Program (HQRP), in addition to other updates to the HQRP.

The proposal is scheduled for publication in the ***Federal Register*** on April 6. A copy is currently available at: https://public-inspection.federalregister.gov/2026-06604.pdf. A 60-day comment period is provided.

Comments

Below is a brief summary of the proposal.

Overall Impact: Estimated $785 million increase in payments to hospices in FY 2027

Payment Updates

- Applies budget-neutral wage adjustments across all four levels of hospice care (RHC, CHC, IRC, GIP)
- Continues 5 percent cap on year-over-year wage index decreases; maintains county-level transition codes from OMB Bulletin 23-01 delineations

Spending Variation Index (SSVI)

- Introduces a new Hospice Service and Spending Variation Index monitoring 9 claims-based metrics
- Designed to rank providers for beneficiary use in care decisions and support program integrity

Policy Proposals

- Mandates the hospice election statement addendum for all Medicare beneficiaries at the time of election (currently not universal)
- Clarifies that a physician designee or physician IDG member — not just the hospice medical director — may discharge a patient from hospice
- Extends telehealth allowance for face-to-face recertification encounters through December 31, 2027; adds modifier/coding requirements and prohibits telehealth in certain moratorium/oversight situations

Requests for Information

- Community palliative care services outside the hospice benefit
- Construction of a hospice-specific wage index using BLS data
- Overlap between hospice and Medical Aid in Dying (MAID)

Hospice Quality Reporting Program (HQRP)

- Proposes adding a data submission icon to the Medicare Care Compare tool
- Updates public reporting timeframes and future measure framework

The proposal does not contain a table of contents. As usual, we are adding page numbers in red.

Provisions of the Proposed Rule

A. FY 2027 Hospice Wage Index and Rate Update (Page 10)

The pre-floor, pre-reclassified hospital wage index values below 0.8000 are adjusted 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. (Page 12)
If the hospice floor adjusted wage index value for a FY is less than 95 percent of the capped wage index from the previous year, then the 5 percent cap would be applied again, and the final wage index value would be 95 percent of the capped wage index from the previous FY.

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. (Page 13)

For FY 2027, CMS is proposing that the hospice wage index would be based on the FY 2027 hospital pre-floor, pre-reclassified wage index for hospital cost reporting periods beginning on or after October 1, 2022 and before October 1, 2023 (FY 2023 cost report data). (Page 14)

The proposed hospice wage index applicable for FY 2027 (October 1, 2026 through September 30, 2027) is available on the FY 2027 Hospice Wage Index proposed rule webpage at: https://www.cms.gov/medicare/payment/fee-for-service-providers/hospice/hospice-regulations-and-notices. Download item CMS 1851-P.

Proposed FY 2027 Hospice Payment Update Percentage (Page 17)

The proposed hospice payment update percentage for FY 2027 is based on the most recent estimate of the inpatient hospital market basket (based on IGI's fourth quarter 2025 forecast).

The proposed inpatient hospital market basket percentage increase for FY 2027 is 3.2 percent and is required to be reduced by a productivity adjustment as mandated by section 3401(g) of the ***Affordable Care Act*** (ACA). The proposed productivity adjustment for FY 2027 is 0.8 percentage point (based on IGI's fourth quarter 2025 forecast). Therefore, the proposed hospice payment update percentage for FY 2027 is **2.4 percent.** (Page 19)

The current labor portion of the payment rates are: RHC, 66.0 percent; CHC, 75.2 percent; GIP, 63.5 percent; and IRC, 61.0 percent. The non-labor portion is equal to 100 percent minus the labor portion for each level of care. The non-labor portion of the payment rates are as follows: RHC, 34.0 percent; CHC, 24.8 percent; GIP, 36.5 percent; and IRC, 39.0 percent.

Proposed FY 2027 Hospice Payment Rates (Page 19)

Proposed FY 2027 Hospice RHC Payment Rates

Code	Description	FY 2026 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	FY 2027 Hospice Payment Update	Proposed FY 2027 Payment Rates
651	**Routine Home Care (days 1-60)**	$230.83	0.9999	1.0009	1.024	$236.56
651	**Routine Home Care (days 61+)**	$181.94	0.9999	1.0013	1.024	$186.53

Proposed FY 2027 Hospice CHC, IRC, and GIP Payment Rates

Code	Description	FY 2026 Payment Rates	Wage Index Standardization Factor	FY 2027 Hospice Payment Update	Proposed FY 2027 Payment Rates
652	**Continuous Home Care Full Rate = 24 hours of care.**	$1,674.29	1.0079	1.024	$1,728.02 $72.00 per hour
655	**Inpatient Respite Care**	$532.48	1.0022	1.024	$546.46
656	**General Inpatient Care**	$1,199.86	1.0033	1.024	$1,232.71

The proposed FY 2027 rates for hospices that do not submit the required quality data would be updated by -1.6 percent, which is the proposed FY 2027 hospice payment update percentage of 2.4 percent minus 4.0 percentage points.

Proposed FY 2027 Hospice RHC Payment Rates for Hospices That DO NOT Submit the Required Quality Data

Code	Description	FY 2026 Payment Rates	SIA Budget Neutrality Factor	Wage Index Standardization Factor	FY 2027 Hospice Payment Update of 2.4% minus 4 percentage points = -1.6%	Proposed FY 2027 Payment Rates
651	**Routine Home Care (days 1-60)**	$230.83	0.9999	1.0009	0.984	$227.32
651	**Routine Home Care (days 61+)**	$181.94	0.9999	1.0013	0.984	$179.24

Proposed FY 2027 Hospice CHC, IRC, and GIP Payment Rates for Hospices That DO NOT Submit the Required Quality Data

Code	Description	FY 2026 Payment Rates	Wage Index Standardization Factor	FY 2027 Hospice Payment Update of 2.4% minus 4 percentage points = -1.6%	Proposed FY 2027 Payment Rates
652	**Continuous Home Care Full Rate = 24 hours of care.**	$1,674.29	1.0079	0.984	$1,660.52 $69.19 per hour
655	**Inpatient Respite Care**	$532.48	1.0022	0.984	$525.11
656	**General Inpatient Care**	$1,199.86	1.0033	0.984	$1,184.56

Proposed Hospice Cap Amount for FY 2027 (Page 23)

The proposed hospice cap amount for the FY 2027 cap year would be $36,210.11 which is equal to the FY 2026 cap amount ($35,361.44) updated by the proposed FY 2027 hospice payment update of 2.4 percent.

B. Non-Hospice Spending During a Hospice Election (Page 24)

Medicare payments for non-hospice Part A and Part B items and services received by hospice beneficiaries during a hospice election increased from nearly $790 million in FY 2020 to over $2 billion in FY 2024. (Page 27)

CMS says its "intent in including data regarding non-hospice spending related to hospice principal diagnosis codes in this proposed rule is to highlight items and services we believe should be covered under the hospice benefit." (Page 31)

Service and Spending Variation Index (SSVI) (Page 35)

CMS notes that it has developed a scoring system, the SSVI, that is calculated using nine claims-based measures, each representing different aspects of hospice utilization as well as non-hospice spending. (Page 36)

The table below, describes each of the nine metrics and the threshold values for those metrics. (Page 38)

Description of SSVI Metrics, Threshold Values, and Points Allocated

Metric Description	Threshold Value	Points
Providing no Continuous Home Care and no General Inpatient Care (Utilization)	0	1

Metric Description	Threshold Value	Points
Percentage of Routine Home Care days that are provided in a nursing home or skilled nursing facility (Utilization)	Greater than or equal to 40%	1
Percent of the last two Routine Home Care days of life with visits (Utilization)	Less than or equal to 25th percentile (for FY 2025, the 25th percentile was 85.7%)	1
Percentage of total discharges that are live discharges (Utilization)	Greater than or equal to the 75th percentile (for FY 2025, the 75th percentile was 47.5%)	1
Percentage of discharges with a length of stay of over 180 days (Utilization)	Greater than or equal to the 75th Percentile (in FY 2025, the 75th percentile was 33.2%)	1
Average skilled nursing minutes on Routine Home Care (Utilization)	Less than or equal to 25th Percentile (in FY 2025, the 25th percentile was 9.8 minutes per day)	1
Weekend Routine Home Care days with a skilled visit (nursing, medical social worker, or therapy) as a percentage of total RHC days (Utilization)	Less than or equal to 25th percentile (in FY 2025, the 25th percentile was 4.8%)	1
Percentage of live discharges where beneficiaries return to the same hospice in seven days (Utilization)	Greater than or equal to 75th percentile (in FY 2025, the 75th percentile was 15%)	1
Total non-hospice spending	Between 0 and the lowest spending eighth of hospices (in FY 2025, values greater than 0 and less than or equal to $6,352.84)	1
	Between the lowest eighth and two-eighths of hospices (in FY 2025, values greater than $6,352.84 and less than or equal to $20,612.10)	2
	Between two-eighths and three-eighths of hospices (in FY 2025, values greater than $20,612.10 and less than or equal to $42,911.79)	3
	Between three-eighths and half of hospices (in FY 2025, values greater than $42,911.79 and less than or equal to $76,801.05)	4
	Between half and five-eighths of hospices (in FY 2025, values greater than $76,801.05 and less than or equal to $133,440.80)	5
	Between five-eighths and six-eighths of hospices (in FY 2025, values greater than $133,440.80 and less than or equal to	6

Metric Description	Threshold Value	Points
	$246,123.10)	
	Between six-eighths and seven-eighths of hospices (in FY 2025, values greater than $246,123.10 and less than or equal to $517,204.40)	7
	Between seven-eighths and highest spending eighth of hospices (in FY 2025, values greater than $517,204.40)	8

C. Proposed Election Statement Addendum Changes (Page 40)

CMS is proposing to require that hospices provide the hospice election statement addendum to all Medicare beneficiaries at the time of hospice election for hospice elections beginning on or after October 1, 2026.

D. Proposed Clarifying Regulation Text Changes (Page 48)

Discharge from Hospice Care

CMS is proposing conforming additions to § 418.26(b) to state the hospice may also obtain the written physician's discharge order from the physician designee, as defined at § 418.3, or physician member of IDG. CMS requests comments on the proposed additions to § 418.26(b).

Face-to-Face Encounter (Page 50)

CMS is proposing to require hospices to collect data reflecting face-to-face encounters furnished using telecommunications technology, which includes, at a minimum, the use of audio and video equipment permitting two-way, real-time interactive communication between the patient and the distant site hospice physician or hospice nurse practitioner, and the hospice would do so by reporting a G-code identifying that a face-to-face encounter was furnished using such technology, that is, telehealth. CMS is soliciting comments on these proposed amendments and on the use of the new G-code identifying face-to-face encounters furnished via telehealth.

E. Requests for Information on Medicare Services and Payment Structure (Page 51)

CMS says it is "interested in soliciting public feedback regarding ways in which it can optimize current coverage and billing practices under various outpatient or home-based benefits to result in more cohesive, integrated, person-centered care as beneficiaries approach hospice care. (Page 52)

CMS is looking for feedback on how the Bureau of Labor Statistics (BLS) and Occupational Employment and Wage Statistics (OEWS) data, and other public data can be used to construct a hospice specific wage index. (Page 57)

Medical Aid in Dying (MAID) is not legal under Federal law; however, it is considered an end-of-life option for terminally ill adults to self-administer life-ending medication prescribed by a physician in certain states where it is allowed under State law. It is currently legal in 11 states and Washington, D.C., and under these existing State laws, strict criteria require a prognosis of 6 months or less to live.

CMS says it is interested in hearing from hospice providers and other interested parties about any issues that may arise when a Medicare hospice patient requests MAID. (Page 64)

CMS is reiterating that no Medicare funds, including hospice payments, may be used to facilitate MAID, including physician consultation services, prescribing or dispensing of medications used for the purpose of causing death, or assistance with the ingestion of such medications.

Comment

Once again, CMS' numbering system appears in error. Below is another section labeled as "E."

Above we find major sections I, II, III. However, there is no section IV. Following the Quality discussion the next section is labeled as "V."

Updates for the Hospice Quality Reporting Program (HQRP) (Page 66)

The below shows the current quality measures in effect for the FY 2027 HQRP, which were updated and finalized in the FY 2025 Hospice Wage Index and Payment Rate Update final rule. (Page 69)

Quality Measures in Effect for the FY 2027 Hospice Quality Reporting Program

Hospice Quality Reporting Program
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
CAHPS Hospice Survey

CAHPS Hospice Survey

1. Communications 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

Despite the doubling of the Annual Payment Update (APU) penalty increase from 2.0 points to 4.0 percentage points in FY 2024, CMS has not observed a significant improvement in the number of hospices meeting the HQRP reporting requirements. In FY 2024, the first year of the percentage points APU penalty, 22.06% of hospices were found to be non-compliant. In FY 2025, the percentage of non-compliant hospices increased to 23.53 percent, and in FY 2026 the percentage of non-compliant hospices was 20.37 percent. The consistent lack of data for approximately one-fifth of hospices limits the ability of CMS to accurately measure the quality of care provided by hospices and limits the amount of data available to consumers.

CMS is proposing to add an icon on the Medicare.gov Compare Tool that will identify hospices failing to submit any data or submitting less than the required 90 percent of quality data, under the HOPE tool within 30 days of the patient's admission or discharge date within a year period beginning no earlier than FY 2028.

Final Thoughts

As noted above CMS continues to make simple errors – in this case the tabling of contents. As a result, one must wonder what other errors have been made regarding payments.

The proposal is deep in unneeded and unnecessary history. Again, we must question the need for such verbiage.

Please note that we have not summarized all items in the proposal. For example, there is section pertaining to form and manner of reporting information.