

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



TDL-150240, 09/11/2014

MEMORANDUM

DATE: March 3, 2015

FROM: Acting Director, Financial Services Group
Office of Financial Management

Director, Chronic Care Policy Group
Center for Medicare

Director, Medicare Contractor Management Group
Center for Medicare

SUBJECT: Sequestration – Impact on Hospice Aggregate Cap Calculation

TO: See Addressees

On March 1, 2013, a sequestration order was issued, as required by law. The purpose of this Technical Direction Letter (TDL) is to provide instructions to the Part A and Part B Medicare Administrative Contractors (A/B MACs) with Home Health and Hospice workloads (HH&H MACs) on how the sequestration amounts shall be handled pertaining to the hospice cap calculation.

The HH&H MACs shall calculate the aggregate cap determination as follows:

- The sequestration amount reported on the Provider Statistical and Reimbursement (PS&R) report for each hospice shall be added to the net reimbursement amount reported on the PSchar_error
- The resulting amount shall be compared to the hospice's aggregate cap amount to calculate a pre-sequester overpayment; and
- The pre-sequester overpayment shall be reduced by 2% to reflect the actual amount paid to the hospice. The 2% overpayment reduction cannot be greater than the actual sequestration amount reported on the PS&R report.

Please see attachment A of this TDL for a sample calculation of a hospice aggregate cap calculation.

The sequestration amount reported on the PS&R report for the 2013 cap year was accumulated for services on or after 04/01/2013 so there is no need to split the PS&R report for periods 11/01/2012 – 03/31/2013 and 04/01/2013 – 10/31/2013.

The HH&H MACs shall perform the following steps if a 2013 hospice cap determination has been issued and the hospice was below the hospice aggregate cap:

- Determine if the hospice exceeds the aggregate cap when the sequestration amount is added to the net reimbursement.
- If the hospice exceeds the aggregate cap, the HH&H MAC shall:
 1. Issue a Notice of Reopening to revise the hospice cap determination to reflect the sequestration amount;
 2. Recalculate the hospice cap determination in accordance with the above and issue a revised hospice cap determination; and
 3. Issue a demand for the overpayment.

The HH&H MACs shall perform the following steps if a 2013 hospice cap determination has been issued and the hospice was above the hospice aggregate cap:

- Issue a Notice of Reopening to revise the hospice cap determination to reflect the sequestration amount;
- Recalculate the hospice cap determination in accordance with the above and issue a revised hospice cap determination; and
- Issue a demand for the corrected overpayment.

The HH&H MACs shall determine if a reopening of a 2013 hospice cap determination is necessary and shall issue a Notice of Reopening within 150 days from the date of this TDL.

The HH&H MACs shall send a listserv to providers explaining the sequestration impact on the hospice cap calculation and may post information regarding this issue on its website.

Provider Education

No national message will be distributed from CMS.

Contractors may use the information contained in this TDL to conduct normal operations in order to respond to inquiries from the provider community and to educate providers when appropriate, including the discretion to do local messaging as needed; however, the TDL number shall not be referenced.

A/B MAC Contract Numbers

Jurisdiction 6 ~ HHSM-500-2012-M0013Z
 Jurisdiction 11 ~ HHSM-500-2010-M0001Z
 Jurisdiction 15 ~ HHSM-500-2010-M0002Z
 Jurisdiction K ~ HHSM-500-2013-M0015Z

This Technical Direction Letter (TDL) is being issued to you as technical direction under your MAC contract and has been approved by your Contracting Officer's Representative (COR). This technical direction is not to be construed as a change or intent to change the scope of work under the contract and is to be acted upon only if sufficient funds are available. In this regard, your attention is directed to the clause of the General Provisions of your contract entitled Limitation of Funds, FAR 52.232-22 or Limitation of Cost, FAR 52.232-20 (as applicable). If the Contractor considers anything contained herein to be outside of the current scope of the contract, or contrary to any of its terms or conditions, the Contractor shall immediately notify the Contracting Officer in writing as to the specific discrepancies and any proposed corrective action.

Unless otherwise specified, contractors shall be in compliance with this TDL within 10 business days of its date of issuance.

Should you require further technical clarification, you may contact your COR. Contractual questions should be directed to your CMS Contracting Officer. Please copy the COR and Contracting Officer on all electronic and/or written correspondence in relation to this technical direction letter.

/s/
 Sherri McQueen

/s/
 Laurence Wilson

/s/
 Larry Young

Attachment(s)

Addressees:

John Kimball, Vice President, Operations, CGS Administrators, LLC
 Steve Smith, President and Chief Operating Officer, CGS Administrators, LLC
 Michael Kapp, President, National Government Services, Inc.
 Joe Johnson, President & Chief Operating Officer, Palmetto GBA, LLC

cc:

James Doane, CGS Administrators, LLC
 Melissa Lamb, CGS Administrators, LLC
 Andrew Conn, National Government Services, Inc.
 Jim Elmore, National Government Services, Inc.
 Stacie Amburn, National Government Services, Inc.
 Todd Reiger, National Government Services, Inc.
 Trina Akridge, National Government Services, Inc.

This Technical Direction Letter (TDL) cannot be distributed, in whole or in part, outside of the recipient's organization. Do not post any of the information to the Internet unless otherwise instructed.

Mike Barlow, Palmetto GBA, LLC
Ron Paige, Palmetto GBA, LLC
Yolanda Rocha, RRB
Randy Thronset, CM/CCPG/DHHHH
Zinnia Harrison, CM/CCPG/DHHHH
Brian Johnson, CM/MCMG
Carol Messick, CM/MCMG
David Banks, CM/MCMG
Jody Kurtenbach, CM/MCMG
Larry Young, CM/MCMG
Linda Tran, CM/MCMG
Margot Warren, CM/MCMG
Martin Furman, CM/MCMG
Marybeth Jason, CM/MCMG
All RAs, CMS
Nanette Foster Reilly, Financial Management & Fee-for-Service Operations
Christina Honey, OAGM
Holly Stephens, OAGM
Jacob Reinert, OAGM
Jeremy Steel, OAGM
Johnny Vo, OAGM
Kristen Lawrence, OAGM
Linda Hook, OAGM
Peter Haas, OAGM
Linda Uzzle, OFM/FSG
Mark Korpela, OFM/FSG
Owen Osaghae, OFM/FSG