APPLIED POLICY®

CMS Finalizes 2.3% Payment Update for Hospices in FY 2027

On July 30, 2026, the Centers for Medicare & Medicaid Services (CMS) issued the fiscal year (FY) 2027 Medicare Program; FY 2027 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Program Requirements final rule. See the fact sheet here.

Finalized policies include:

- Increasing hospice payment rates by 2.3 percent and establishing the FY 2027 hospice cap at $36,174.75;
- Updating the hospice wage index under the existing methodology, including the hospice floor and five percent cap on annual decreases;
- Requiring hospices to provide the hospice election statement addendum to all beneficiaries electing hospice;
- Implementing the Service and Spending Variation Index (SSVI) to identify potential utilization, quality-of-care, or compliance concerns;
- Continuing implementation of the Hospice Outcomes and Patient Evaluation (HOPE) instrument and maintaining the existing quality measure set; and
- Adding an icon to the Medicare.gov Compare Tool, no earlier than FY 2028, to identify hospices that do not meet HOPE data-submission requirements.

The proposed rule also sought feedback through three Requests for Information (RFIs) concerning: (1) ways to enhance palliative care outside the Medicare hospice benefit; (2) the potential development of a hospice-specific wage index; and (3) issues arising when a Medicare hospice patient requests medical aid in dying, including potential federal oversight mechanisms. CMS does not establish new policies in response to these RFIs but states that it will consider the comments in future policymaking.

This final rule is scheduled to be published in the *Federal Register* on August 3, 2026.

HOSPICE PAYMENTS FOR FY 2027

FINALIZED WITH MODIFICATION

Pages 20-37 of the unpublished rule[1]

For FY 2027, CMS finalizes a hospice payment update of **2.3 percent** based on a 3.2 percent inpatient hospital market basket increase reduced by a **0.9 percentage point productivity adjustment**. **The final update is 0.1 percentage points lower than the proposed 2.4 percent update because the updated productivity adjustment increased from 0.8 to 0.9 percentage point**. Overall, CMS estimates that payments to hospices will increase by **$755 million** in FY 2027, compared to FY 2026. The hospice cap for FY 2027 is **$36,174.75.**

CMS finalizes the following hospice payment rates:

Table 1. Final FY 2027 Hospice Routine Home Care, Continuous Home Care, Inpatient Respite Care, and General Inpatient Care Payment Rates[2]

Code	Description	FY 2026 Payment Rates	Final FY 2027 Payment Rates
651	Routine Home Care (days 1-60)	$230.83	**$236.35**
651	Routine Home Care (days 61+)	$181.94	**$186.35**
652	Continuous Home Care Full Rate = 24 hours of care	$1,674.29	**$1,726.50, or $71.94/hour**
655	Inpatient Respite Care	$532.48	**$545.98**
656	General Inpatient Care	$1,199.86	**$1,231.63**

These rates would apply to hospices that submit the required quality data. Hospices that fail to satisfy Hospice Quality Reporting Program requirements will receive a negative 1.7 percent update.

The final update is slightly lower than proposed and may not keep pace with rising labor and operating costs. The productivity adjustment may be especially challenging for labor-intensive, home-based hospice care.

[1] All page numbers shown reference the unpublished rule.
[2] See Tables 1 and 2 of the final rule.

HOSPICE WAGE INDEX

FINALIZED AS PROPOSED

Pages 15-19

CMS finalizes its proposal to base the FY 2027 hospice wage index on the FY 2027 hospital pre-floor, pre-reclassified wage index for the FY 2023 cost reporting period. CMS also finalizes the continued application of the permanent five percent cap on annual wage index decreases and the hospice floor policy. The FY 2027 hospice wage indices are available to download here.

MEDICARE NON-HOSPICE SPENDING

FINALIZED WITH MODIFICATION

Pages 38-85

Hospice Election Statement Addendum

In FY 2020, CMS implemented a requirement that hospices make the hospice election statement addendum available to beneficiaries upon request. This form is a written addendum that outlines conditions, items, services, and drugs that are not covered under the Medicare hospice benefit. Since implementing this policy, CMS has found significant and sustained increases in non-hospice spending for hospice beneficiaries. CMS believes many beneficiaries may not realize they need to request an addendum and proposes making the provision of an addendum mandatory for all hospice elections. Therefore, CMS finalizes its proposal to require the addendum for all beneficiaries electing hospice, rather than only for those who request it.

Expanded non-hospice spending data is available to download here.

Service and Spending Variation Index

To address the rise in non-hospice spending, CMS finalizes its proposal to implement the SSVI to signal potential utilization, quality of care, or compliance concerns. **In the final rule, CMS uses updated claims data to update the SSVI, though no changes to methodology were made.** The SSVI will use nine claims-based metrics, with a maximum score of 16.[3] A hospice's score is based on the hospice's FY 2024 and FY 2025 non-hospice spending and utilization. A higher score reflects potentially concerning hospice utilization and non-hospice spending, and signals to CMS that the hospice may require targeted education or oversight.

[3] See Table 9 or page 51 of the unpublished rule.

Alongside the rule, CMS published each hospice's SSVI score and a methodological overview, available to download here.

The SSVI is aligned with the agency's broader focus on identifying fraud, waste, and abuse. This policy may result in changes in hospice services and spending.

HOSPICE QUALITY REPORTING

FINALIZED AS PROPOSED

Pages 107-123

Beginning October 1, 2025, CMS implemented the use of the HOPE instrument set, as finalized in the FY 2025 Hospice Wage Index rule. CMS did not propose new changes to the quality measure set. HOPE quality measure public reporting is anticipated to begin in November 2027, but CMS notes that this may change based on the agency's analysis of CY 2027 data.

In FY 2023 – FY 2026, approximately 20 percent of hospices were non-compliant with quality data submission requirements. To identify hospices that have not submitted any data or have submitted less than the required 90 percent within 30 days of the patient's admission or discharge date within a one-year period, CMS finalizes adding an icon to the Medicare.gov Compare Tool to identify these hospices, no earlier than FY 2028. While CMS finalizes this as proposed, they clarify that the icon will only be based on HOPE submissions and will not include CAHPS data submission compliance.

CMS is also considering making changes to the Hospice Care Index (HCI) measure and intends to submit the updated measure to the 2026 Measures Under Consideration (MUC) list. In the final rule, CMS states the agency will consider stakeholder feedback as it continues refining the revised HCI.

Publicly identifying hospices that have not complied with quality data submission requirements aims to address CMS's compliance concerns and may also increase transparency for beneficiaries electing hospice care.

REQUESTS FOR INFORMATION

Pages 51-65

CMS sought feedback on three RFIs:

1. **Ways to Enhance the Provision of Palliative Care Outside of Hospice Care:** CMS requested input on improving outpatient and home-based palliative care coverage and billing as patients approach hospice eligibility. Commenters supported expanded community-based palliative care and suggested creating a comprehensive assessment and care planning G-code or establishing a defined Medicare palliative care benefit with bundled or capitated payments. CMS does not provide a substantive response but states it will consider the feedback.

2. **Construction of a Hospice-Specific Wage Index:** CMS requested feedback on data sources, occupational weights, geographic areas, calculation methods, and transition policies for a hospice-specific wage index. Commenters supported better accounting for hospice workforce differences but questioned whether national occupational and wage data would capture local variation. CMS states it will consider the comments as it evaluates alternatives to the IPPS wage index.

3. **Medical Aid in Dying (MAID):** CMS requested input on issues arising when hospice patients request medical aid in dying and on safeguards to prevent federal funding of related items and services. Commenters generally opposed integrating MAID into Medicare-funded hospice care. CMS clarifies that the RFI did not signal an intent to propose such a policy.

***

This Applied Policy® Summary was prepared by Meghan Basler with support from the Applied Policy team of health policy experts. If you have any questions or need more information, please contact her at mbasler@appliedpolicy.com or (908) 752-9875.