

CMS Proposes FY 2027 Payment Updates for Hospices

On April 2, 2026, the Centers for Medicare & Medicaid Services (CMS) issued the fiscal year (FY) 2027 proposed [Medicare Program; FY 2027 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Program Requirements](#) rule. See the fact sheet [here](#). In this rule, CMS proposes to:

- Increase hospice payments by 2.4 percent,
- Update the hospice wage index using the current methodology,
- Make the provision of the hospice election statement addendum mandatory,
- Implement a Service and Spending Variation Index (SSVI), to identify potential utilization, quality of care, or compliance concerns,
- Maintain the Hospice Outcomes & Patient Evaluation (HOPE) instrument quality measure set, and
- Identify hospices that have not submitted required quality data with an icon on the Compare Tool on Medicare.gov.

The proposed rule also includes three Requests for Information (RFIs): 1) ways to enhance the provision of palliative care outside of hospice care, 2) the potential construction of a hospice-specific wage index, and 3) feedback on issues that may occur when a Medicare hospice patient requests Medical Aid in Dying (MAID), as well as potential federal oversight mechanisms.

This proposed rule is scheduled to be published in the *Federal Register* on April 6, 2026, and comments are due by June 1, 2026.



HOSPICE PAYMENTS FOR FY 2027

Pages 17-24 of the unpublished rule¹

For FY 2027, CMS proposes a hospice payment update of 2.4 percent. Overall, CMS estimates that payments to hospices will increase by \$785 million in FY 2027, compared to FY 2026. The proposed hospice cap for FY 2027 is 36,210.11. CMS proposes the following hospice payment rates:

Proposed FY 2027 Hospice Routine Home Care, Continuous Home Care, Inpatient Respite Care, and General Inpatient Care Payment Rates²

Code	Description	FY 2026 Payment Rates	Proposed FY 2027 Payment Rates
651	Routine Home Care (days 1-60)	\$230.83	\$236.56
651	Routine Home Care (days 61+)	\$181.94	\$186.53
652	Continuous Home Care Full Rate = 24 hours of care	\$1,674.29	\$1,728.02 (\$72.00 per hour)
655	Inpatient Respite Care	\$532.48	\$546.46
656	General Inpatient Care	\$1,199.86	\$1,232.71

These rates would apply to hospices that submit the required quality data.

While CMS proposes to increase hospice payments, payments will ultimately vary by hospice. Hospices in rural areas would generally fare better than their urban counterparts, with a 3.0 percent increase anticipated compared to a 2.3 percent.

HOSPICE WAGE INDEX

Pages 10-17

CMS proposes 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 proposes to continue to incorporate the permanent five percent cap on negative wage index changes and the hospice floor policy, both of which were finalized in previous rules. Proposed hospice wage indices are available to download [here](#).

¹ All page numbers shown reference the unpublished rule.

² See Tables 1 and 2 of the proposed rule.

MEDICARE NON-HOSPICE SPENDING

Pages 24-40

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.

Expanded non-hospice spending data is available to download [here](#).

Service and Spending Variation Index (SSVI)

To address the rise in non-hospice spending, CMS is proposing to implement the SSVI to signal potential utilization, quality of care, or compliance concerns. The SSVI would 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 would reflect potentially concerning hospice utilization and non-hospice spending, and signal to CMS that the hospice may require targeted education or oversight.

Alongside the proposed rule, CMS has published each hospice's SSVI score and a methodological overview, available to download [here](#).

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

HOSPICE QUALITY REPORTING

Pages 66-76

Beginning October 1, 2025, CMS implemented the use of the Hospice Outcomes & Patient Evaluation (HOPE) instrument set, as finalized in the FY 2025 Hospice Wage Index rule. CMS does not propose new changes to the quality measure set. HOPE

³ See Table 9 of the unpublished rule.

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 proposes adding an icon to the Medicare.gov Compare Tool to identify these hospices, no earlier than FY 2028.

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.

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 seeks feedback on three RFIs:

1. **Ways to Enhance the Provision of Palliative Care Outside of Hospice Care:** As not all palliative care patients are ready for or eligible for hospice, CMS is seeking feedback on how the agency can optimize current coverage and billing practices under outpatient or home-based benefits to improve care as patients approach hospice care. Specifically, CMS seeks feedback on current billing practices for palliative care and on the potential improvements and challenges providers face when providing palliative care. More broadly, CMS is interested in other suggestions for improving the provision of palliative care.
2. **Construction of a Hospice-Specific Wage Index:** Currently, CMS uses the Inpatient Prospective Payment System (IPPS) wage index to geographically adjust hospice payments. In response to stakeholder feedback, including that of the Medicare Payment Advisory Commission (MedPAC), CMS is considering developing a new hospice-specific wage index. CMS seeks feedback on potential data sources for determining area wages, occupation mix weights, a potential methodology for calculating a hospice-specific wage index, labor market areas and the level of geographic delineation to be applied, and what an appropriate transition policy might be.

3. **Medical Aid in Dying (MAID):** MAID is not legal under federal law, and the use of federal funds for MAID is prohibited. However, it is currently legal in 11 states and in Washington, D.C. CMS is seeking feedback on issues that may occur when a Medicare hospice patient requests MAID. CMS also seeks feedback on oversight mechanisms to prevent the use of federal funds for MAID items and services.

This Applied Policy® Summary was prepared by [Emma Hammer](#) with support from the Applied Policy team of health policy experts. If you have any questions or need more information, please contact her at ehammer@appliedpolicy.com or 202-558-5272