



## Hospice Payments: FY 2026 Update

<b>Related CR Release Date:</b> July 31, 2025	<b>MLN Matters Number:</b> MM14190
<b>Effective Date:</b> October 1, 2025	<b>Related Change Request (CR) Number:</b> <a href="#">CR 14190</a>
<b>Implementation Date:</b> October 6, 2025	<b>Related CR Transmittal Number:</b> R13331CP
<b>Related CR Title:</b> Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for Fiscal Year (FY) 2026	

### Affected Providers

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- Hospices
- Other providers billing Medicare Administrative Contractors (MACs) for hospice services

### Action Needed

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Make sure your billing staff knows about these FY 2026 hospice updates effective October 1, 2025:

- Payment rates
- Inpatient and aggregate caps
- Wage index

### Background

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CMS updates payment rates for hospice care, the hospice cap amount, and the hospice wage index annually. We use the inpatient hospital market basket, which we adjust for multifactor productivity (MFP) and other factors to get the hospice payment update percentage.

We update the hospice cap amount by the hospice payment update percentage for accounting years that end after September 30, 2016, and before October 1, 2033. We finalized this policy in the [FY 2025 hospice final rule](#) and through legislative provisions in section 308 of the [Consolidated Appropriations Act, 2024](#).

Starting in FY 2024, there's a 4% payment reduction for any hospices who fail to meet quality reporting requirements. We've authorized this quality reporting adjustment through section 407(b) of the [Consolidated Appropriations Act, 2021](#).

## Key Updates

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### Hospice Payment Rates

The FY 2026 hospice payment update is 2.6%, which we base on the inpatient hospital market basket update for FY 2026 of 3.3% reduced by the 0.7 percentage point MFP adjustment for FY 2026. The FY 2026 hospice payment for hospices that don't submit the required quality data is -1.4%, which is the FY 2026 payment update of 2.6% minus the 4 percentage point quality reporting adjustment.

The FY 2026 hospice payment rates are effective for care and services you provide from October 1, 2025 – September 30, 2026. The [Medicare Claims Processing Manual, Chapter 11](#), section 30.2 has more about the hospice payment rates. See the FY 2026 hospice payment rates in [Table 1](#) and [Table 2](#) of CR 14190.

### Hospice Inpatient & Aggregate Caps

The FY 2026 hospice cap amount is \$35,361.44, which we base on the FY 2025 cap amount of \$34,465.34 and increased by the FY 2026 hospice payment update of 2.6%. For the FY 2026 inpatient cap, we'll calculate the percentage of all hospice days provided as inpatient days, including general inpatient care (GIP) and respite care for the FY 2026 cap year.

The FY 2026 cap year will be October 1, 2025 – September 30, 2026.

### Hospice Wage Index

We use the hospice wage index to adjust payment rates to show local differences in wages. In FY 2023, we established a permanent 5% cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline. In other words, a geographic area's wage index won't be less than 95% of its wage index calculated in the prior FY.

For FY 2025, we incorporated the Office of Management and Budget (OMB) [revised delineations](#) for the core-based statistical areas (CBSAs) into the hospice wage index. To help reduce any significant negative impacts on hospices because of this transition, we calculated the permanent 5% cap on decreases on the county level as well as the CBSA level so individual counties moving to a new area didn't experience more than a 5% decrease in wage index from the previous FY.

Some counties that changed OMB designations had a wage index value that's different from the wage index value we assigned to the other constituent counties that make up the CBSA or statewide rural area that they moved into because of the application of the 5% cap. These specific counties must use a special 50xxx wage index transition code for claims processing purposes.

For FY 2026, we'll continue to calculate the 5% cap on wage index decreases at the county level. Counties that required a transition code for FY 2025 may continue to use the same transition code for FY 2026 as necessary. For counties that no longer require their transition code for FY 2026, you'll use the CBSA or rural county code of the area that we redesignated you into.

See [Table 3](#) of CR 14190 for a list of the counties that must use a special transition code for FY 2026. These codes can also be found in the [FY 2026 hospice wage index file](#).

We'll incorporate the revised payment rates and wage index in the Hospice Pricer and forward them to your MAC.

**Hospice Labor Shares**

The [FY 2022 hospice final rule](#) revised the labor shares we use to wage-adjust hospice payments for each level of care. The revised labor shares are:

- Routine home care: 66%
- Continuous home care: 75.2%
- Inpatient respite care: 61%
- GIP care: 63.5%

**More Information**

We issued CR 14190 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

**Document History**

Date of Change	Description
September 19, 2025	Initial article released.

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