



HOSPICE ISSUES

PROTECT THE MEDICARE HOSPICE BENEFIT IN BUDGET AND ENTITLEMENT DISCUSSIONS

OCTOBER 2013

**National Association for Home Care & Hospice/
Hospice Association of America**

BACKGROUND: The Affordable Care Act (ACA -- Public Law 111-148) set in motion the most sweeping changes in hospice care since creation of the Medicare Hospice Benefit 30 years ago. The Centers for Medicare & Medicaid Services (CMS) has or is in the process of implementing numerous new policies in hospice, including development of a new hospice payment system, creation and implementation of a Hospice Quality Reporting Program (HQRP), imposition of the face-to-face encounter requirement for patients entering their third or later benefit period, a significant expansion of data collection on hospice claims, and a revised hospice cost report that will require hospices to retool their financial operations to track costs with much greater specificity. These and numerous other regulatory changes are creating significant financial and operational demands on hospice organizations.

Congress is currently engaged in discussions on the federal budget; as part of those negotiations some had advocated additional cuts to Medicare and restructuring of the fee-for-service Medicare program as a means of reducing federal outlays. Some restructuring plans would merge Parts A and B and impose a uniform copay and deductible requirement, which, under some proposals, would include the Medicare Hospice Benefit.

RECOMMENDATION: Congress needs to expand - not reduce - beneficiary access to high quality, cost effective hospice and thus should reject efforts to further cut or impose copays or deductibles on Medicare hospice services.

RATIONALE: At the same time that hospices are required to meet more costly, regulatory requirements, their reimbursement levels are diminishing:

- ACA requirements reduced the hospice payment update in FY2014 by 0.8 percentage point
- FY2014 rates are further reduced by 0.7 percentage point due to a regulatorily-mandated phase out of the Budget Neutrality Adjustment Factor (BNAF) to the wage index. (At full implementation the BNAF phase out will reduce overall hospice payments by 4 percent.)
- Hospice payments are reduced an additional 2 percent due to the sequester.
- The net update for hospice payments in FY2014 is a **MINUS 1 PERCENT** as compared with FY2013 rates. The Medicare Payment Advisory Commission (MedPAC) estimates that 2013 financial margins for hospice averaged approximately 6.3 percent. This figure does **not** take into account many new regulatory requirements, the impact of the sequester, or the cost of some services hospices are required by Medicare to provide but are not “allowable” expenses on their cost reports (i.e. bereavement).
- Under Medicare, hospice is a managed benefit that includes all services and medications appropriate to treat a patient’s terminal illness and any related diagnoses. The cost of these medications, in particular, is also increasing.
- As a bundled group of services hospice is structured differently from other fee-for-service Medicare and should be excluded from imposition of additional copays and deductibles.
- In electing hospice care, a beneficiary agrees to forego curative care under Medicare and may be responsible for copays on prescription medications and respite care.
- Hospice has been proven to save precious Medicare dollars/resources when a patient is enrolled on a timely and appropriate basis.
- One of the greatest problems in hospice is the frequency with which patients are referred too late to reap the full benefit that hospice has to offer, and (in some instances) after being subject to numerous costly tests and treatments that are painful, debilitating, and unnecessary. Medicare policy should not discourage use of hospice care through imposition of additional copayments and deductibles.

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