

Part B Insider (Multispecialty) Coding Alert

REGULATORY NEWS: Hospices Reel at Proposed 5 Percent Wage Index Cut

Industry decries potential reduction to Medicare hospice reimbursement

The Medicare hospice benefit's significant growth has caught the eye of policy makers, and now providers and beneficiaries will pay the price for attracting such notice.

CMS wants to eliminate hospices- budget neutrality adjustment factor (BNAF), according to a proposed rule in the May 1 Federal Register. That change will cut 4 to 5 percent from Medicare hospice spending over three years, according to the **National Association for Home Care and Hospice (NAHC)**.

How it will work: CMS proposes phasing out the BNAF by 25 percent in 2009, 75 percent in 2010 and completely in 2011, according to the proposed rule. That would translate to a 1.5 percent decrease to the wage index in 2009, 3 percent in 2010 and another 1.5 percent in 2011, CMS explains.

The current BNAF is -clearly obsolete,- CMS maintains in the rule. The BNAF is based on outdated data that is artificially high, the feds say.

The impact: The wage index reductions will result in a 1.1 percent decrease to Medicare hospice spending in 2009, CMS estimates. If an inflation update of 3 percent occurs, hospices will see a 1.9 percent increase overall in payment rates.

The other shoe: But that inflation update is far from assured. President Bush proposed in his 2009 budget to eliminate the hospice market basket update altogether. And recent discussions by the Medicare Payment Advisory Commission on startling hospice growth may spur lawmakers to adopt the hospice reimbursement rate freeze.

-The President's budget includes a proposal for a zero percent payment update for hospices in FY 2009,- CMS cautions in the rule. The final rule will have -to reflect any legislation that the Congress might enact which would affect the market basket update.-

The hospice industry has been quick to condemn the proposed cuts. They are -a backdoor way for CMS to cut rates to hospices,- says **Judi Lund Person** with the **National Hospice and Palliative Care Association**.

President Bush included the measure in his array of cost-cutting measures for home care providers in his 2009 budget proposal earlier this year.

-The rationale offered by CMS to eliminate the budget neutrality adjustment rings hollow,- **NAHC-s** Vice President for Law **Bill Dombi** says in a release. -A reduction in payment rates will put care access in jeopardy.-

Timeline: CMS will take comments on the proposed rule for 60 days. The rule is at www.cms.hhs.gov/hospice/downloads/CMS-1548pdisplay.pdf. CMS plans to issue a final rule in August.