Eli's Hospice Insider

Budget: Brace For Another Adverse MedPAC Recommendation

You'll have to tighten your budget belt if the Commission gets its way.

While you might be straining under the weight of COVID, vaccination efforts, the new hospice addendum, and many other burdens, an influential advisory board to Congress wants you to do more with less.

As expected, on Jan. 14 Medicare Payment Advisory Commission members finalized approval of the hospice cuts they passed in their December meeting. The commissioners unanimously approved the recommendation to Congress to freeze hospice rates and cut the hospice aggregate cap by 20 percent in 2022.

MedPAC actually bumped up its hospice profit margin figure for 2021 "from 12 to 13 percent, because of the recent legislation suspending the sequester for three additional months," said MedPAC staffer **Kim Neuman** in the meeting. Hospices had a 12.4 percent margin in 2018, the commission estimates.

Bad idea: "Whether MedPAC believes it or not, reducing the cap will, in fact, reduce access to hospice services," protests consulting firm The Health Group in Morgantown, West Virginia. "A reduction to the cap, especially at such a significant percentage, would surely impact hospice admissions for patients with a non-cancer diagnosis, where the estimate of the life expectancy is more difficult," The Health Group says in its electronic newsletter.

"In our opinion, some consideration of wage adjusting the cap, with certain protections for those significantly impacted, makes sense," The Health Group allows. "However, an overall 20 percent reduction to the cap to merely save money for the Medicare program is an inappropriate attempt to penalize those providers who serve long-term patients. The appropriateness of long-term patients for hospice care should be a focus of admissions and claims review, not a general payment reduction in the cap," the consulting firm maintains.

These recommendations will appear in MedPAC's annual March report to Congress.