

Eli's Hospice Insider

Budget: Influential Advisory Body Comes Out Against Hospice Pay Increase □ Again

Dwindling profit margins don't seem to matter to MedPAC.

Some critical data indicators are down for hospices, but that may not be enough to save hospices from the budget ax this fall.

As expected, the **Medicare Payment Advisory Commission** in a Jan. 12 meeting unanimously approved a recommendation for elimination of hospices' payment update in 2018. MedPAC had given preliminary approval to the measure in December.

The rate freeze would cut about \$250 million to \$750 million from Medicare hospice spending in 2018, and less than \$1 billion over five years, MedPAC staffer **Kim Neuman** said in the meeting.

About 1.38 million Medicare beneficiaries used the hospice benefit in 2015, Neuman said in the meeting. Medicare paid about \$15.99 billion for hospice services □ about \$2 billion less than for home care services.

The percentage of decedents using hospice increased from 47.8 percent to 48.6 percent, while the number of hospices grew by 2.6 percent to about 4,200, Neuman added.

In contrast: MedPAC pegs hospices' profit margin at 8.2 percent for 2014, and predicts it will drop to 7.7 percent in 2017, Neuman said.

The live discharge rate is also down □ from 18.4 percent in 2013 to 16.7 percent in 2015. But it's still a problem, Neuman maintained in the December meeting. "In 2015, 10 percent of hospices had a live discharge rate exceeding 50 percent," she illustrated.

Neither the declining profit margin nor the lower live discharge rate was enough to keep MedPAC commissioners from approving the rate freeze.

"We do not expect the draft recommendation to have an adverse impact on beneficiaries, nor do we expect an effect on providers' willingness or ability to care for beneficiaries," Neuman said in the meeting.

But all may not be lost. MedPAC recommended a rate freeze for 2017, but hospices still received a 2.1 percent rate bump starting in October.

Reminder: "Under current law, the hospice payment update for FY2018 is capped at 1 percent, exclusive of the budget sequester," points out the **National Association for Home Care & Hospice** in its member newsletter.