

Eli's Hospice Insider

Budget: Obama 2017 Budget Proposal Calls For Cuts, Further Reform

Hospice-specific market basket needed, according to proposal.

Hospices would see sustained cuts if the Obama administration's 2017 budget proposal becomes law.

President Obama issued his last budget proposal on Feb. 9. Because the president will be finishing his last term this year and Congress is controlled by Republicans, the budget is generally considered moot as an entire document. But law- and policymakers who will be hammering out budget details as the year wears on will look at the proposal for ideas on how to cut budget dollars.

In the proposal, the president calls for a 1.7 percent reduction to the hospice payment update in 2018-2020. Those cuts would merely be "a first step toward aligning payment with costs of care" in hospice, according to a **Department of Health & Human Services** summary of the budget.

The budget proposal also calls for the **Centers for Medicare & Medicaid Services** to implement a "hospice-specific market basket" by 2021. "Currently, the hospice market basket is based on the hospital market basket, despite differences in the type of service provided (palliative vs. curative), the care setting (at home vs. inpatient), and the labor force utilized," the budget summary explains.

More changes ahead: The proposal also calls for HHS to make unspecified "further budget neutral reforms to the hospice payment system."

Those payment changes together would slice \$9.3 billion from Medicare hospice spending during that time, the president estimates.

"Congress should oppose any reductions in the annual updates until such time as all payment reforms are instituted and then only after the impact of such changes are fully examined," protests the **National Association for Home Care & Hospice** in its Legislative Blueprint for Action.

These non-hospice-specific provisions in the proposal could also significantly impact hospice providers if adopted:

Appeals. The proposal contains multiple ideas for relieving some of the backlog at the **Office of Medicare Hearings and Appeals** and **Departmental Appeals Board**.

Idea #1: HHS would impose appeals user fees. "A per-claim filing fee at each level of appeal" would allow HHS "to invest in the appeals system to improve responsiveness and efficiency," the proposal says. "Fees will be returned to appellants who receive a fully favorable appeal determination."

Idea #2: Under the proposal, HHS would "retain a portion of Recovery Audit Contractor recoveries ... [to] allow Recovery Audit program recoveries to fully fund Recovery Audit Contractor-related appeals" at OMHA and DAB.

More ideas: The proposal also calls for using Medicare magistrates for appealed claims below the federal district court amount in controversy threshold (\$1,500 in 2016) to reserve Administrative Law Judges for "more complex and higher [AIC] appeals; allowing ALJs to rule without a hearing when no material facts are in dispute; remanding appeals to the redetermination level if new evidence is introduced; using sampling and extrapolation; and consolidating appeals.

- **User fees.** The administration proposes user fees for survey revisits, registering clearinghouses and billing agents, and Medicare enrollment.
- **IPAB.** The proposal would lower the "target rate" that would trigger the **Independent Payment Advisory Board**, which would recommend cost reduction policies to Congress.

Note: See the 173-page HHS summary of the budget proposal at www.hhs.gov/about/budget/fy2017/budget-in-brief/index.html.