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Eli's Hospice Insider

Finance: Hospice Cost Report Data Led To RHC Cuts

You must prioritize your cost report accuracy.

Hospice providers' days of being cavalier about their cost report data need to come to an end ASAP.

The **Centers for Medicare & Medicaid Services** bases its advanced care level payment rate increases and its Routine Home Care decrease squarely on data culled from 2017 cost reports - but perhaps not as many reports as you'd think.

Out of nearly 4,200 Medicare-certified hospice cost reports, CMS bases its rate rebalancing on reports from only 1,232 providers, according to the 2020 hospice payment final rule published in the Aug. 6 Federal Register. That's because it excludes reports from any provider-based hospices.

However, limiting data to freestanding hospices still leaves 3,223 reports. CMS eliminated the rest of the reports based on factors including Level 1 edits (even though they weren't in effect then) and outliers.

"We continue to have concerns about the amount and type of data used to calculate costs," says **Theresa Forster** with the **National Association for Home Care & Hospice**. While CMS "took steps to account for utilization by all types of providers, we believe that using this small proportion of cost reports - about 25 percent - and using costs exclusively from freestanding agencies definitely provides distorted values," Forster tells **Eli**. "We also believe that later cost report data - from FY2018 and later - will reflect somewhat differently on costs."

Attorney **Brian Daucher** with **Sheppard Mullin** in Costa Mesa, California, dismisses cost reports as "notoriously unreliable documents," judging that "it sets a poor precedent for CMS to tinker with reimbursement rates based merely upon cost report data. Cost reports have little relationship to economic reality: no salaries depend on them, no loans are given or denied based upon them, and cost reports do not measure satisfaction or value to patients."

CMS responds to some criticisms in the final rule, noting that results from all provider types' cost reports were "similar" to those from freestanding providers only. CMS has done the same kind of thing before, too, so it's "not unprecedented," the agency claims.

Bottom line: "If freestanding hospices are able to provide high-quality care at a lower cost than provider-based hospices, payment rates should be set accordingly, and the higher costs of provider-based hospices should not be a reason for increasing Medicare payment rates," the rule maintains.

"We have been stressing for some time that hospice cost reports matter," says consulting firm **The Health Group** in Morgantown, West Virginia. In its electronic newsletter, the firm points to CMS's statement in the final rule: "We expect and it is required that hospice cost reports contain accurate and complete data on which to base our analyses."

Your cost report data "does mean something," emphasizes **Dave Macke**, director of reimbursement services with **VonLehman & Co.** in Ft. Wright, Kentucky. "Even if it takes a little while to show up" in payment rates or other changes.

With the possibility for RHC "rebalancing" becoming more real, now's the time to make sure you are including all your eligible costs in your report and confirming their accuracy, experts urge.

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