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Eli's Hospice Insider

Fraud & Abuse: OIG Puts Assisted Living Residents Receiving Hospice In Its Crosshairs

Hospice Compare is nearly on deck.

If CMS heeds the OIG's advice, you'll be seeing lower payments for ALF residents under hospice payment reform.

"Medicare payments for hospice care in ALFs more than doubled in 5 years, totaling $2.1 billion in 2012," the **HHS Office of Inspector General** says in a report released Jan. 14, "Medicare Hospices Have Financial Incentives To Provide Care In Assisted Living Facilities."

The increase in spending for ALF residents isn't the only concern. Long stays and resulting high payments characterized ALF hospice patients. "Hospice beneficiaries in ALFs often had diagnoses that usually require less complex care" and "hospices typically provided fewer than 5 hours of visits and were paid about $1,100 per week for each beneficiary receiving routine home care in ALFs," the OIG points out in the report.

The OIG singled out for-profits for concern. "For-profit hospices received much higher Medicare payments per beneficiary than nonprofit hospices," the OIG found in looking at 2007-to-2012 claims data.

Bottom line: "This report raises concerns about the financial incentives created by the current payment system and the potential for hospices to target beneficiaries in ALFs because they may offer the hospices the greatest financial gain," the OIG stresses in its summary.

The OIG urges the **Centers for Medicare & Medicaid Services** to take a number of steps to minimize potential fraud and abuse surrounding hospice patients residing in ALFs:

#1 Get ready payment change: First and foremost, the OIG advises CMS to "reform payments to reduce the incentive for hospices to target beneficiaries with certain diagnoses and those likely to have long stays," according to the report.

"We are analyzing possible reform options that focus on new payment models," CMS responds in its official comments on the report. The models "recognize the changing needs of hospice beneficiaries throughout the course of a hospice election and adjust payment rates accordingly."

Newly collected claims data "will help to further identify beneficiary needs as we develop potential payment reform models," CMS adds.

Industry veterans have expected reform models to be U-shaped (higher payments at beginning and end of a stay, lower in the middle) or J-shaped (medium payments at beginning, lower payments in the middle, highest payments at the end). But now it looks as though a new payment system may be even more complicated than that (see related story, p. 21).

#2 Low visit counts may equal high review: The OIG also wants CMS to target certain hospices for review. CMS responds that it wants to target hospices with a high percentage of patients who rarely receive visits. "Hospices providing no visits to high volumes of terminal patients should be considered high risk," CMS declares.

#3 Your claims are likely to influence referrals: The OIG urges CMS to adopt claims-based quality measures. CMS is already considering measures such as "average number of services the hospice provides, the types of services, how often physician visits are provided, and how often a hospice provides services on the weekend," the agency says in the report.

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#4 Prepare for Hospice Compare: The OIG wants CMS to make quality data publicly available. CMS is on board with that suggestion as well, and sets 2018 as a possible date for the presumed Hospice Compare.

#5 Private benchmarking data may come earlier: Finally, the OIG recommends that CMS furnish hospices with benchmarking information. In the last quarter of 2015, CMS will analyze data collected from January to September this year, the agency explains. "Decisions about whether to report some or all of the quality measures to hospices or publicly will be based on the findings of analysis."

Note: See the report at http://oig.hhs.gov/oei/reports/oei-02-14-00070.pdf.

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