

Eli's Hospice Insider

PAYMENT :CMS Proposes Hospice Pay Cuts: Buckle Your Seat Belts

Eliminating the BNAF will strip \$2.9 billion from hospice payment over 5 years.

Hospices that recently started receiving higher Medicare payment rates thanks to the economic stimulus bill won't have long to enjoy the increase.

The Centers for Medicare & Medicaid Services is proposing a 1.1 percent cut to hospice payment rates beginning Oct. 1. The cut would be the result of eliminating 75 percent of the budget neutrality adjustment factor (BNAF) in the hospice wage index.

CMS originally planned to phase out 25 percent of the BNAF in 2009, 50 percent in 2010, and the remaining 25 percent in 2011. But in the American Recovery and Reinvestment Act enacted in February, Congress delayed 2009's cut for a year.

ARRA didn't affect the planned BNAF phase-out for 2010, however, noted CMS' **Lori Anderson** at an industry conference in March. That means CMS plans to eliminate 75 percent of the factor next year.

Phasing out three-fourths of the BNAF will result in a 3.2 percent reduction to Medicare's payment rates for hospice in fiscal year 2010, CMS notes in a release. But an expected 2.1 percent increase for inflation will offset that cut.

Bottom line: Eliminating the BNAF will strip \$2.9 billion from hospice payments over five years, CMS calculates.

The National Hospice & Palliative Care Organization is "quite concerned about the percentage of the decrease in reimbursement," NHPCO's **Judi Lund Person** says. "In these times we are concerned about any drop in reimbursement and how it will affect patient care."

"Here we go again," says **Andy Carter** with the Visiting Nurse Associations of America. "Patients served by the nonprofit community of hospice providers are put at risk by across-the-board cuts that should be more narrowly targeted."

"The elimination of the BNAF creates a serious risk of loss of access to hospice care," warns the National Association for Home Care & Hospice. "There is a very real danger of putting community hospices out of business resulting in a lack of access to the hospice benefit, particularly in rural areas."

CMS Ready to Rebut?

CMS seems ready to counter the industry's arguments that the reimbursement reduction will impact access to hospice care. "The number of Medicare-certified hospices has increased significantly since 1997, up by over 70 percent," CMS notes in announcing the proposal. "The number of Medicare beneficiaries in hospice care has also grown rapidly from just over 400,000 in 1998 to close to one million in 2007."

CMS has come under pressure from the Medicare Payment Advisory Commission and other groups to rein in hospice growth and spending, even though the sector accounts for a tiny slice of the Medicare budget.

Editor's note: The proposal also increases documentation requirements for physicians certifying terminal illness for hospice patients. For details, see related article on this page.