

Eli's Hospice Insider

Reimbursement: 2023 Payment Rate Update Is Not Nearly Enough, Providers Tell CMS

Small, rural, nonprofit hospices are at risk, commenters warn.

If Medicare officials thought hospices would take the 2.7 percent payment rate update proposed for 2023 and say "thank you," they were very much mistaken.

Recap: The Centers for Medicare & Medicaid Services published its 2023 proposed hospice rule in the April 4 Federal Register. Among the rule's provisions is a 2.7 percent payment increase for hospices effective Oct. 1 (see Hospice Insider, Vol. 15, No. 5 for more rule details.) Interested parties had until May 31 to submit comments on the rule to CMS.

"The 2.7 percent update is generally in keeping with update values over the last 10 years, which have trended between 2.4 percent and 3.0 percent," the National Association for Home Care & Hospice acknowledges in its comment letter. But "we are deeply concerned that the projected payment update for hospice providers will be insufficient to address the accelerating financial demands that hospices have been facing over the course of the last three years," NAHC warns.

In fact, the vast majority of the rule's 81 comment letters stress the same problem to CMS. "A payment update of 2.7 percent is extremely inadequate," protests **Barbara Hansen** of the Washington State Hospice & Palliative Care Organization in the state trade group's comment letter.

"While Henry Ford [Hospice] appreciates any increases in hospice payment rates, an increase of 2.7 percent does not go far enough to cover our program operations and total costs of care," the health system-based agency's VP **Michael Ellis** says in the Detroit-based provider's letter.

"We appreciate the modest increase CMS is proposing to the annual payment adjustment for the hospice payment system, though we remind the agency that prices to provide adequate medical care are rising faster than the rates CMS assigns for reimbursement," **Brian Vamstad**, an exec with Minneapolis-based Allina Health, warns in the health system's letter.



"Unfortunately, the proposed 2.7 percent update would fail to keep pace with the rising costs that we have experienced in recent years," **Nick Westfall**, CEO of VITAS Healthcare, says in the chain's letter.

That modest increase is all the more galling in light of the 8.5 percent payment increase Medicare recently announced for managed care plans. "The low payment update is particularly egregious in comparison to payment changes finalized for the Medicare Advantage (MA) program," Westfall fumes.

The National Hospice and Palliative Care Organization calls hospices' comparatively low rate "troubling" in its comment letter.

And as always, the low payment rate will hit critical hospice providers the hardest. "CMS' proposed update of 2.7 percent for FY 2023 would cripple some hospices' ability to continue furnishing high-quality hospice care - particularly small and rural non-profit hospices that already faced low margins before the COVID19 pandemic," warns physician **Tara Friedman**, president of the American Academy of Hospice and Palliative Medicine, in the professional organization's comment letter.

"With the increased regulatory burden and inadequate reimbursement amounts, Henry Ford will have to scale back the

number of patients and families we serve with our hospice program," Ellis warns. Many other hospices will have to do the same, agencies and reps say in their letters.

Allina, Kindred at Home, LHC Group Inc., and many more urge CMS to use all the tools at its disposal to increase hospice payment rates, including reconsidering the data underlying the update.

"While we understand that CMS has limited flexibility relative to the inputs it uses to calculate the market basket update, we strongly encourage you to explore all options available to you to address the financial strains that providers are undergoing," NAHC exhorts. Reducing regulatory burdens and extending COVID-era waivers could also help lower costs, the trade group suggests.

Stay tuned: Hospices will find out whether CMS listens to their pleas when it issues the final hospice rule for 2023, expected in later summer.

Note: A link to the rule is at

www.cms.gov/medicare/medicare-fee-service-payment/hospice/hospice-regulations-and-notices/cms-1773-p.