

Eli's Hospice Insider

Reimbursement: Hospices To See 1.8% Pay Bump Starting In October

Don't write down next year's budget in pen yet.

Depending on whether you see the glass half full or half empty, Medicare's modest pay increase proposal for next year is either better than a rate freeze or not nearly enough to cover the climbing cost of doing business.

The **Centers for Medicare & Medicare Services** has proposed a 1.8 percent increase to its Medicare hospice payment rates, according to the fiscal year 2019 proposed rule for hospice payment. (For specific service rate increases, see chart, p. 42).

The estimated \$340 million increase in payments is based on an estimated 2.9 percent inpatient hospital market basket update, reduced by a 0.8 percent productivity adjustment and by a 0.3 percent adjustment set by law, CMS notes in a fact sheet about the rule that was released April 27.

The aggregate per patient cap for FY 2019 will likewise increase by 1.8 percent to **\$29,205.44**, CMS says in the rule published in the May 8 Federal Register.

In combination with the wage index changes for FY 2019, hospices that will see the biggest Medicare pay increase are those in rural New England with a 3.3 percent bump up, CMS estimates in projected impact analysis. Hospices with the lowest rate of increase will be those in the rural Mountain region with a 1.4 percent pay raise.

Reminder: This year's proposed 1.8 percent increase is better than last year's 1 percent-even pay update. But it's still making many hospices struggle with lean budgets, industry veterans say.

That's particularly true as CMS appears to be expecting hospices to take on more and more of a patient's expenses. "Hospices should be providing virtually all of the care needed by terminally ill individuals, including related prescription drugs," the rule stresses. "The comprehensive nature of the services covered under the Medicare hospice benefit is structured such that hospicebeneficiaries should not have to routinely seek items, services, and/or medications beyond those provided by hospice."

Last year, CMS's proposed and final payment rates for hospice were virtually the same. But that may not happen this year. As always, updated data may change wage index and other factors contributing to the rates.

"In forecasting the impact of these changes on FY 2019 revenues, please keep in mind that some of the factors (including the hospital market basket and the productivity adjustment) may change somewhat in the final rules that will be issued in late July," the **National Association for Home Care & Hospice** cautions in its analysis of the rule.

In future years, hospices also may see changes to the labor portion figure for their rates. "We are currently analyzing [cost report] data for possible use in updating the labor portion of the hospice payment rates," CMS explains in the rule. "Any changes to the labor portions would be proposed in future rulemaking and would be subject to public comments."

Currently, the labor portions to which the wage index is applied are 68.71 percent for Routine Home Care; 68.71 percent for Continuous Home Care; 64.01 percent for General Inpatient Care; and 54.13 percent for Respite Care, the rule notes.



Impact: If the labor portion goes up, it will benefit hospices in high-wage-index areas and disadvantage those in low-wage-index areas. If the labor portion goes down, the reverse will be true.

Another potential change that some industry observers think is inevitable is payment recalibration by level of care. But CMS doesn't seem in a hurry to rebalance payments between care levels yet. "As we continue to gather more cost report data, we plan to conduct more thorough analyses of the cost report data and fully assess Medicare-related hospice costs as compared with Medicare hospice payments by level of care," CMS says in the rule.

CMS is likely to let its cost report edit changes take effect (see story, p. 41), before getting down to the work of using cost report data to realign payments - most likely away from RHC and toward the other three care levels.

CMS will take comments on the rule until June 26. A final rule is expected in July for Oct. 1 implementation.

Note: See the rule at www.gpo.gov/fdsys/pkg/FR-2018-05-08/pdf/2018-08773.pdf.