

Eli's Hospice Insider

Reimbursement: Hospices To See 2.3% Pay Bump Starting This Fall

But BNAF wage index reduction takes \$80 million out of hospices' pockets.

Hospices should see a modest increase to their Medicare payment rates for fiscal year 2012, but that increase would be higher if not for the BNAF phase-out. "This proposed rule implements the third year, of a 7-year phase out, of the hospice wage index budget neutrality adjustment factor (BNAF)," the **Centers for Medicare & Medicaid Services** notes on its website.

Background: CMS originally slated the wage index reduction known as the BNAF phase-out to take place over three years, but stretched that out to seven years when the industry protested about the economic hardship the move would cause. In 2012, 40 percent of the BNAF phase-out will be complete. Then CMS will phase out 15 percent of the BNAF adjustment until it's entirely gone after four more years.

Millions lost: Hospices would have seen a 2.8 percent increase, but the BNAF phase-out reduces that figure by 0.5 percent, CMS notes in the final rule published in the May 9 Federal Register. "The overall impact ... is an estimated net decrease in Federal payments to hospices of \$80 million for fiscal year 2012," CMS calculates in the 151-page proposed rule.

Medicare needs to preserve hospice access with adequate funding, maintains the **National Association for Home Care & Hospice**. "We therefore look to Congress to ensure that hospices receive a full market basket inflation update as reflected in CMS's proposal so that they can continue to provide vital services to individuals at the end of life," NAHC's **Val Halamandaris** says in the trade group's online newsletter.

Keep Track Of Numerous Changes

This year's hospice wage index rule contains many more provisions than just wage index, notes **Judi Lund Person** with the **National Hospice and Palliative Care Organization**. "They throw in everything but the kitchen sink," Person jokes.

Another provision that will impact hospice reimbursement is for required quality measurement reporting. Starting in 2013, hospices must submit quality data or face a 2 percent reduction to their FY 2014 Medicare inflation update. "The proposed measures include one item endorsed by the **National Quality Forum** related to pain management and one structural measure related to participation in specific Quality Assessment and Performance Improvement (QAPI) programs," CMS notes in a release.

CMS wants hospices to voluntarily submit structural measure data starting in January 2012, points out the **Missouri Hospital Association** in an issue brief. "That's really soon," Person emphasizes -- data collection would start in October. Early adopters will be happy to have a chance to jump on this requirement and get the kinks worked out, Person predicts.

Quality measure data will become required in January 2013, the rule proposes.

NHPCO was interested to see that CMS is starting out with just two quality measures. Development of quality reporting for hospices, which was required by the Affordable Care Act, is slowed by the lack of a standardized assessment tool such as OASIS (for home health agencies) or the MDS (for skilled nursing facilities), Person tells **Eli**.

Take note: While CMS is beginning to require hospices to submit quality data, the agency hasn't released any plans for publicly reporting that data (i.e., a Hospice Compare website), Person points out.

Hospice Cap Change Coming

CMS also proposes a change to hospice cap methodology that it also outlined in a CMS ruling (see related story, p. 38).

CMS has been calculating hospice caps by allocating patients entirely to one year (1.0 in a year), CMS Administrator **Donald Berwick** says in the ruling. But multiple hospices have won court cases challenging that methodology and asking for beneficiaries to be counted proportionately in the years they receive services (for example, 0.5 and 0.5 split between two years).

Now CMS proposes to calculate the cap proportionally, but allow hospices to elect the old all-in-one-year "streamlined" method if they wish, the rule indicates. The new proportional calculation style would start in 2012.

The cap change is an "encouraging first step toward improving access to the valuable care that millions of Americans depend on," Halamandaris says. "By modifying the current calculation of the hospice cap, caregivers will have more flexibility to account for the various patient needs they meet every day."

Hospices will be glad to be able to choose their methodology, Person expects. And the change will help ensure that hospices receive the same cap calculations regardless of who their contractor is.

Timeline: CMS will take comments on the proposed rule until June 27. A final rule is likely to be out by August.

Note: A link to the 2012 proposed rule is online at www.cms.gov/center/hospice.asp.