

Eli's Hospice Insider

Reimbursement: Keep Your Eye On 2016 Claims As Reformed Payment Methodology Kicks Into Full Gear

SIA payment problems detected.

You may just be getting used to the new hospice pay structure, but you should already be mentally preparing for further reform.

Recap: On Jan. 1, the **Centers for Medicare & Medicaid Services** began reimbursing hospice services under a new payment methodology. Hospices now receive reimbursement for routine home care in two tiers: higher payment for RHC days 1-60, and lower pay for RHC days 61 and up.

Medicare is paying about \$187 for the higher RHC rate and \$147 for the lower rate, notes attorney **Brian Daucher** with law firm **Sheppard Mullin** in Costa Mesa, Calif. And hospices may be eligible for Service Intensity Add-on payments if they deliver certain visits in the last seven days of life.

Resource: More payment details are in CMS's newly updated eight-page fact sheet about the system online at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/hospice_pay_sys_fs.pdf. "Because of the unpredictable date of death, it remains to be seen whether hospices will be able to sensibly manage these theoretical additional [SIA] payments," Daucher observes in a recent analysis. "Because the SIA period is difficult to anticipate, and yet built into the budget neutrality of the payment adjustments, Medicare may well anticipate saving money overall on the payment adjustments."

Do this: "Monitor January billings carefully to ensure that payments under this new system meet defined expectations," Daucher advises.

One known problem: "Hospice providers are receiving an incorrect Service Intensity Add-on (SIA) payment for services that do not qualify for the payment," says HHH Medicare Administrative Contractor **National Government Services** on its website.

"SIA payments should only be made for social worker and registered nursing visits when provided during routine home care in the last seven days of life. Hospice providers may be receiving SIA payments incorrectly, when the services are provided during continuous home care. This incorrect processing may be causing an overpayment to hospice providers, when the services do not qualify for the SIA payment."

The problem appears to be a nationwide issue, notes the **National Association for Home Care & Hospice** in its member newsletter.

The solution: A Feb. 22 system fix should correct the problem, NGS says.

Just The Beginning

More payment changes are on deck. The **Medicare Payment Advisory Commission** voted in its Jan. 14 meeting to finalize its recommendation that hospices receive no inflation update for 2017 (see story, p. 22).

And the new payment methodology "leaves several fundamental issues unaddressed and should be viewed as a modest first step toward meaningful hospice payment reform," contend health policy professors **David Stevenson at Vanderbilt School of Medicine** and **Haiden Huskamp at Harvard Medical School**, in a recent Health Affairs blog post.

"The impact of tiered payments on a hospice agency's bottom line will depend on its length-of-stay distribution, although the effects are likely to be relatively small for most hospices," the authors say in their commentary. "Since for-profit agencies disproportionately enroll longer stay patients, these providers will likely lose most under the new policy."

"The impact of the SIA payments is harder to estimate, because information from hospice claims has not previously distinguished between registered nurse (RN) and licensed practical nurse (LPN) hours," Stevenson and Huskamp add.

Good: Instead of focusing on the six-month prognosis unrelated to clinical need, Medicare should look at "integrating hospice and palliative services into a broader continuum of services ... whenever patients need them," the article suggests.

Not as good: The authors also urge policymakers to include hospice under the Medicare Advantage umbrella, which MedPAC also desires. "Medicare's current approach to hospice is falling short for many beneficiaries at the end of life (e.g., those who enroll only for very short periods of time before death) and ... these limitations should be considered before leaving the current carve out intact," they say.

Hospices say that including hospice in MA will limit patient choice and access to hospice care. And it leaves hospices at the mercy of managed care organizations that cut their rates to the bone and drop providers with little to no notice, points out consulting firm **The Health Group** in Morgantown, W. Va., in its newsletter.

Another problem: Stevenson and Huskamp also criticize the current pay structure for nursing home residents receiving hospice care, and suggest paying nursing homes directly for hospice services.