

## Eli's Hospice Insider

### TRENDS :Hospice Payment Cuts Will Take Toll on Providers, Services

Small, rural providers to be hit hardest.

Hospices should brace for Medicare reimbursement cuts ahead -- and the proposed 1.1 percent decrease for 2010 could be just the start.

The industry is fighting back against the Centers for Medicare & Medicaid Services' April 24 proposed rule to reduce Medicare hospice rates by an estimated 1.1 percent in fiscal year 2010 (see the second story on the cover page of this issue). The cut is a 3.2 percent reduction due to the wage index change offset by a 2.1 percent inflation update.

Reps. Chris Van Hollen (D-Md.) and **Ginny Brown-Waite** (R-Fla.) had reportedly planned by May 15 to finish collecting promised signatures for their "Dear Colleague" letter asking that President Obama permanently restore the budget neutrality adjustment factor (BNAF) to the Medicare hospice benefit wage index update, notes the National Association for Home Care & Hospice.

More than 3,000 hospice jobs were saved when the stimulus bill delayed the BNAF phase-out until 2010, the letter notes. "Those jobs and more will be lost and hospice programs across the country, particularly smaller and rural ones, are at risk of closing their doors unless the regulation is permanently rescinded," the letter says.

#### Big Challenges Lie Ahead

But hospices are fighting an uphill battle, industry representatives acknowledge.

The skyrocketing numbers of hospices and beneficiaries using the benefit, especially considering the proliferation of for-profit hospices, will give lawmakers an excuse to cut hospice dollars in a year when they're looking for funding for overall healthcare reform, experts predict.

"Plan on reduction of rates and reimbursement for the near future and even long term," says **Dan Hull** with the Utah Hospice & Palliative Care Organization.

The 2010 cuts could devastate some hospices and their patients. "The 1.1 percent decrease will definitely impact our providers," says **Judy Brunger** with trade group The Carolinas Center for Hospice and End of Life Care. That "may in turn affect services to patients and families," she tells **Eli**.

"Every decrease in payment affects us, especially in rural settings," points out **Sheree Comer**, the Home Health & Hospice Manager at St. John's Lutheran Hospital in Libby, Mont. Even though the hospital is willing to take financial hits to provide the core service, "as the financial belt gets tightened, the amount of services we will be able to provide will invariably have to decrease in order to avoid completely being a financial drain on the hospital," she says.

Worse ahead: For some hospices, the proposed 1.1 percent cut won't pose an overwhelming burden. "The 1.1 percent rate cut will not affect our patients or our organization extensively," expects **Beth Putnam** of Hospice of Central Montana in Lewistown. But "future cuts scheduled may do significant damage to our financial condition and prevent us from providing all the unreimbursed care we currently provide."

Big picture: In the rule, CMS expects urban hospices to take the brunt of the cut. They'll see a 1.2 percent cut overall while rural hospices will see only a 0.3 percent cut, the agency estimates.

However, the impact varies widely by region. In the rural areas of the East North Central region (Illinois, Indiana, Michigan, Ohio, and Wisconsin), CMS expects hospice rates to fall by 1.8 percent, for example.

The Pacific region (Alaska, California, Hawaii, Oregon, and Washington) will fare the best with a 0.1 percent increase in urban areas and a 0.3 percent bump up in rural ones, CMS estimates in the rule.

Bottom line: "The agencies will adjust and figure out a way to provide the service because they believe in what they are doing," Hull forecasts.

#### CMS Proposes Carve-Out

Another change CMS proposes in the rule may not do hospices much good. The updated hospice Conditions of Participation (CoPs) already require providers to list all of a patient's comorbidities in the plan of care, CMS notes in the rule. Listing these "is busy work and detracts from the main focus of hospice," Hull believes. "The more we do paperwork, the less we do with the patient and family." However, it's no surprise that CMS requires this because hospices function as case managers, Brunger notes. And they help inform other items on the POC like wound healing and medication interactions, Comer adds.

In the rule, CMS says it wants to specifically exclude from hospice bundling medical supplies that are unrelated to the terminal illness. "The hospice is not responsible for providing the care for these unrelated comorbidities," and that should include supplies, CMS says. That sounds like a good idea, but in reality hospices may need to provide those supplies anyway to maintain the patient at home, providers say.

Note: Review the Federal Register notice at <http://edocket.access.gpo.gov/2009/pdf/E9-9417.pdf>.