

The Least You Need to Know:

Every March the Medicare Payment Advisory Commission (MedPAC) releases the report of its analyses of payment adequacy of hospice and other Medicare programs. This FYI briefly reviews the hospice chapter of the 2019 report and also provides some information about MedPac.

Additional Information

MedPAC is required by law to complete the payment adequacy analyses for fee-for-service providers, Medicare managed Care and Part D on an annual basis. To complete the process, they consider the same broad categories for each provider type and then release the results, complete with recommendations, in a report to Congress.

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MedPac*

Many of the expanded requirements for hospice providers over the past decade have been as a result of MedPac Recommendations to CMS:

- Additional data elements on hospice claims
- The physician narrative on all certifications & recertifications
- The face-to-face visit
- The “U-shaped curve”, higher payments at the beginning of care and at the end of care
- The Medicare “carve-in”

The Impact:

MedPac had one recommendation for hospice: that Congress reduce the Medicare base rate for hospice by 2%, by 2020.

What’s MedPac, again?

MedPAC is an independent congressional agency established to advise Congress on issues affecting the Medicare program. There are 17 commissioners appointed to staggered 3-year terms who bring experience in financing and delivery of health care systems; they are supported by an executive director and a staff of analysts with backgrounds in economics, health policy, public health or medicine.

Why This Rate Cut?

Given the margin and the availability of capital for new hospices, MedPac concludes that the level of reimbursement for hospice care exceeds the amount needed to provide quality care.

Link to Other Material:

MedPac Report:
http://medpac.gov/docs/default-source/reports/mar19_medpac_entirereport_sec.pdf?sfvrsn=0

(chapter 12, page 11)

**CHECK
IT OUT**



Let's Break It Down

- The number of hospice providers increased by 2.4% in 2017, mostly in the for-profit sector, which now comprises 69% of all hospices
- This growth suggests that there is access to capital to start hospices
- The percentage of Medicare decedents accessing hospice care grew from 49.7% in 2016 to 50.4% in 2017
- Medicare payments exceeded the cost of providing care by 14% in 2016
- The Medicare aggregate margin was 10.9% in 2016, up from 9.9% in 2015
- Though there is limited data available about hospice quality, the Hospice Item Set process measure and Hospice Consumer Assessment of Healthcare Providers and Systems (CAHPS) data are good
- A payment reduction is “consistent with the Commission’s principle that it is incumbent on Medicare to maintain financial pressure on providers to contain costs”

Also Noted in the Report

- The Service Intensity Adjustment has led to little change in the amount of social work and nursing visits to patients at the end of life.
- MedPac prefers outcome measures to process measures
- Variability in lengths of stay by provider type (for or not for profit)
- Concern about both very long and very short lengths of stay, and very long lengths of stay in Assisted Living Facilities among some providers
- The share of beneficiaries with a hospitalization in the last 90 days of life was higher in 2015 than it was in 2000

Actions of a Prudent Hospice™

ONE. Although this report does not require any specific action we encourage you to read the hospice chapter from the 2019 report. It is interesting, well written and you will learn something.



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