MEDPAC ISSUES A RECOMMENDATION FOR HOSPICE

At its December meeting, the Medicare Payment Advisory Commission (MedPAC) released a report on hospice, which included the MedPAC Chairman’s recommendation that Congress “eliminate the update to the hospice payment rates for fiscal year 2018.” The Chairman’s report still requires ratification by the full Commission, and that action is expected to take place at their upcoming January meeting.

MedPAC’s role is to provide non-binding advice to Congress. By law, it is required to provide annual recommendations for the consideration of Congress, but it is incumbent upon Congress to take proactive action in response to these recommendations. For the past four years, MedPAC has advised that Congress not update the hospice payment rates. For four years, this advice has gone unheeded. Instead, federal lawmakers have continued to allow the Medicare Hospice Benefit to increase at its statutory rate.

This year, MedPAC’s Chairman used a “payment adequacy framework” to determine the guidance on an update to the Medicare Hospice Benefit. The framework considered access to care; supply of providers and volume of services; quality of care; providers’ access to capital; and Medicare payments and providers’ costs.

At the December meeting, MedPAC policy analyst Kim Neuman, MA, presented information about the Medicare Hospice Benefit and how to assess potential changes and updates to the benefit. In 2015, 1.38 million individuals used the benefit, representing 48.6 percent of Medicare beneficiaries who died that year. In that same period, Medicare paid out $15.9 billion to hospice providers.

Neuman outlined a variety of changes that have taken place in the end-of-life care community that could impact the Hospice Medicare Benefit. In 2004, for-profit hospices exceeded non-profit hospices for the first time. Since that time, the number of for-profit hospices has continued to soar, while non-profits remain at about the same number. There are currently about double the number of for-profit hospices as compared to non-profits. Additionally, noted the presentation, advance care planning services are now covered under the physician fee schedule.

Overall, hospice use has continued to grow rapidly across all measured demographics. In 2015, the number of hospice users increased, while the average length of stay declined slightly. Lengths of stay vary by diagnosis. Cancer patients tend to have short stays (average 53 days), while patients with neurological conditions have much longer average stays (147 days).

Neuman’s report says, “Unusually high live discharge rates may be a signal of poor quality or program integrity issues.” Overall, live discharge rates are decreasing over time. Nevertheless, a small number of hospices are responsible for a large portion of discharges. The top 10 percent of hospices with high discharge rates discharged half or more of their patients alive in 2015.
The report notes that hospice providers’ “access to capital appears adequate.” For-profit providers continue to see growth, and financial reports “suggest that the sector is viewed favorably by investors.” There is less information on access to capital for non-profit freestanding providers, while “provider-based hospices have access to capital through their parent institutions.” Overall, hospices had a margin of 8.2 percent in 2014.

Based on these observations, the MedPAC Chairman’s report advises no change in the Hospice Medicare Benefit payment schedule. But, as noted above, this matter will be discussed again at MedPAC’s January meeting, for consideration by the full Commission. (MedPAC Slides, MedPAC Meeting Brief)