MEDPAC RECOMMENDS NO INCREASE IN HOSPICE PAYMENTS FOR 2018

MedPAC issued its March 2017 report to Congress. The report, required by law, offers a comprehensive overview of Medicare’s payment policies and offers recommendations to Congress. At over 450 pages, the report examines every aspect of Medicare payment.

The chapter on hospice can be found on pages 317-342 of the document. The summary of the hospice chapter says that, in 2015, nearly 49 percent of Medicare decedents received hospice care. These 1.38 million Medicare beneficiaries were served by 4,200 hospices, and these providers received about $15.9 billion reimbursement for their services.

The MedPAC report offers a comprehensive overview of hospice and evaluates and examines numerous topics of interest. It is a data-rich report that covers:

- Assessment of payment adequacy
- Access to care
  - Capacity and supply of providers
  - Volume of services
- Quality of Care
- Providers’ access to capital
- Medicare payments and costs of provider hospices

The report also provides a historical overview of hospice, of Medicare’s payment for services, and discusses the “caps” limits.

“Are Medicare payments adequate in 2017?” According to MedPAC’s report, the answer is yes. The report says that utilization of hospice continues to increase. There are increases in numbers served through Medicare Advantage, Medicare-only, and dually eligible. Numbers of patients served also increased for rural and urban patients, regardless of age, gender and race. There are tables and charts to show the utilization and growth of hospice from a variety of perspectives, and details of variances are given. The information covers numbers of days of care, and data on how this varies by patient diagnosis. There is also information about numbers of hospices that exceeded Medicare cap in 2002, 2011, 2012, 2013, and 2014. The report also offers a chart that shows rates of, and reasons for, hospice discharges in 2013, 2014, and 2015.

The report reviews hospices’ profit margins, saying, “In 2014, freestanding hospices have higher margins (11.5 percent) than home health-based and hospital-based hospices (3.8 percent and 0.203 percent, respectively).” The report attributes this difference in margins to the higher indirect costs of provider-based hospices.

The MedPAC report explains how researchers “project an aggregate Medicare margin for hospices of 7.7 percent in 2017.” After this thorough investigation and exploration of data, MedPAC offers one recommendation for hospice for 2018. “The Congress should eliminate the update to the hospice payment rates for fiscal year 2018.” This is based on a determination that hospices have increased in numbers; that beneficiaries have
increased; that average length of stay declined slightly; that access to capital seems to be sufficient; that limited quality data are available; and that project margin is 7.7 percent. This recommendation, says the report, will not result in any adverse impact on patients or care. Nor will it be a deterrent to providers. (MedPAC)