

Eli's Hospice Insider

Budget: MedPAC Calls For Rate Freeze Once Again

Will Congress listen to the influential advisory body this time?

The weather won't be the only thing freezing, if the **Medicare Payment Advisory Commission** has its druthers.

Expect MedPAC to once again recommend a 0 percent payment increase for hospices in its March report to Congress. MedPAC commissioners finalized its approval of the rate freeze recommendation in its January meeting.

As they did last year, hospices' relatively healthy profit margins and rising discharge rates are reasons given for the freeze. After a few years of falling margins, MedPAC reports a 10 percent profit margin for hospices in 2015, up from 8.2 percent in the year prior. However, MedPAC does project that the margin will go back down to 8.7 percent in 2017, according to the commission's Dec. 8 meeting.

Plus: Medicare spending on hospice grew from \$15.9 billion in 2015 to \$16.8 billion in 2016 - and up from a mere \$2.9 billion in 2000, MedPAC says. Likewise, length of stay among decedents was up from 86.7 days in 2015 to 87.8 in 2016, and up from 53.5 days in 2000.

Total hospice days among all beneficiaries skyrocketed from 26 days in 2000 to 101 in 2016 (up from 96 days in 015).

Another damning statistic is that hospices' average live discharge rate increased slightly from 16.7 percent in 2015 to 16.8 percent in 2016. The wide variation in live discharge rates is also a red flag, MedPAC indicated. Hospices in the top 10 percent for live discharges had rates of 53 percent or higher in 2016.

"The 53 percent live discharge rate is fairly ridiculous," noted Commissioner **Brian DeBusk**, CEO of medical IT firm **DeRoyal Industries** in Powell, Tennessee. "A 53 percent rate does suggest that there's some gamesmanship and possibly even a program integrity issue."

MedPAC staffer **Kim Neuman** also hinted at some potential future recommendations for this industry. They could include rebalancing rates across the four levels of hospice care - namely, reducing payments for Routine Home Care.

Another possibility would be urging Congress and CMS to take changes made under hospice payment reform in 2016 even farther. Those changes including paying more for RHC days in the first 60 days of care and less after 60 days.