

Eli's Hospice Insider

Payment: Hospice Improper Pay Rate On The Rise After Many Years Of Reductions

Percentage point jump 'is not statistically significant,' CMS claims.

Policy- and lawmakers have another reason to eye the hospice industry with skepticism when it comes to making budget decisions.

Background: When the Department of Health and Human Services calculated an improper payment rate under the Comprehensive Error Rate Testing program for 2015, the hospice rate came in at 10.7 percent for 2015, then spiked to 15.9 percent for 2016, then fell again to 14.7 percent for 2017, 11.7 percent for 2018, 9.7 percent for 2019, and 6.69 percent for 2020. That rate is now back up to 7.77 percent for 2021, equaling \$1.68 billion, according to the report.

HHS claims that "the change is not statistically significant" for the hospice rate.

Missing and insufficient documentation continues to be "the primary reason for these errors," HHS explains. Medical necessity is a distant second, the report shows.

The Centers for Medicare & Medicaid Services notes that it suspended CERT program activities for a while in 2020 due to the COVID-19 Public Health Emergency. Then after resuming them in August 2020, "CMS adjusted CERT program data collection by reducing the sample size for Reporting Year (RY) 2021 and RY 2022 to account for the challenges incurred by providers and suppliers during the PHE, while continuing to maintain appropriate accountability measures and meet statutory obligations," according to its CERT webpage. "Claims with dates of service within the COVID-19 PHE were reviewed in accordance with all applicable CMS waivers and flexibilities," the agency adds.



The overall Medicare payment error rate is 6.26 percent for 2021, a "historic low," CMS notes in a release. That equals \$25.03 billion. The overall rate has been under 10 percent for five years in a row, CMS emphasizes.

Wowza: It's not all a success story, though. For example, Durable Medical Equipment, Prosthetics, Orthotics, and Supplies suppliers had a whopping 28.64 percent error rate equaling \$2.38 billion for 2021, CMS notes on its CERT webpage.

Both HHS and CMS emphasize throughout the improper payment rate materials that improper payments do not equal fraud. "Only a small fraction of improper payments represent a payment that should not have been made - and an even smaller percentage represent actual cases of fraud," CMS Principal Deputy Administrator & Chief Operating Officer **Jonathan Blum** emphasizes in the CMS release.

HHS notes that CMS has taken corrective action on the hospice front. That includes Targeted Probe and Educate medical review, Supplemental Medical Review Contractor (SMRC) review, and Recovery Audit Contractor review to combat fraud and abuse, HHS notes in the Financial Agency Report.

Note: The 326-page Financial Agency Report is at <https://www.hhs.gov/sites/default/files/fy-2020-hhs-agency-financial-report.pdf>. A more detailed CMS report on the error rate is expected soon - past years' reports are at www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CER

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