



An Update to Hospice Payment Reform Research

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Research Funders



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Agenda



- **Payment reform principles**
- Key topics from the 2013 and 2014 Hospice Study Technical Report (HSTR)
- Payment reform outreach activities
- Summary of payment reform concepts and key findings to consider

Payment Reform Project Purpose



Analyze hospice utilization trends and develop potential payment reform options that could be applied to the Medicare hospice payment system as required by section 3132(a) of the Patient Protection and Affordable Care Act of 2010.

Hospice Payment Reform Principles



- Supports the principles of the Medicare hospice program as articulated in existing statutory, regulatory, and guidance documents;
- Ensures payment reform results in improved payment accuracy;

Hospice Payment Reform Principles



- Is informed by data and leads to improved data collection;
- Promotes high quality, patient centered care; and
- Is able to be monitored and refined as necessary.

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Hospice Study Technical Report



- We have produced two reports that detail much of the work that has been done under this contract.
- Both reports can be found under the Research and Analyses section of the CMS Hospice Center website
 - <http://www.cms.gov/Center/Provider-Type/Hospice-Center.html>

Key Topics from 2013 Hospice Study Technical Report (HSTR)



- Geographic variation in hospice utilization and payment
- Analysis of trends in GIP utilization
- Analysis of trends in hospice cost reports (2004 - 2011)
- Analysis of impact of Face-to-Face Physician Visit Requirement

Key Topics from 2013 Hospice Study Technical Report (HSTR)



- Analysis of trends in live discharge
- Analysis of Part D utilization while enrolled in hospice
- Analysis of a tiered payment model
- Rebasing the RHC rate for hospice

Key Topics from 2014 Hospice Study Technical Report (HSTR)



- Updates of many of the analyses from 2013 HSTR
- Also, new analyses such as
 - Total Medicare expenditures and beneficiary cost sharing (across hospice and non-hospice benefits) for hospice beneficiaries
 - Some specific items analyzed like ER visits, hospice related modifiers on claims, etc.
 - Concentration of nursing facility usage among hospices
 - Analysis of the aggregate cap

Key Topics from 2014 Hospice Study Technical Report (HSTR)



- Also, new analyses such as
 - Impact of hospice utilization on end of life care costs
 - Analysis of frequency of skilled visits during the last two days of life
 - Most frequently used RUGs to classify beneficiaries using hospice in SNF
 - Analysis of CHC and IRC utilization

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Hospice Payment Reform Outreach Activities (2011 – 2014)



- Convened a Technical Expert Panel consisting of clinicians, researchers, and representation from the hospice industry.
 - Held 2 in-person meetings during 2012 and 2013
 - Held 3 teleconferences during 2012 and 2013
- Purpose of meetings was to
 - solicit feedback on payment reform concepts
 - request ideas for additional analyses or payment reform concepts.

Hospice Payment Reform Outreach Activities (2011 – 2014)



- Convened a small panel consisting of individuals from the DHHS with background in the hospice benefit
 - Meetings held during 2012 and 2013
- Purpose of meetings was to
 - solicit feedback on payment reform concepts
 - request ideas for additional analyses or payment reform concepts
 - share feedback received from the Technical Expert Panel meetings.

Hospice Payment Reform Outreach Activities (2011 – 2014)



- Presented project findings at variety of academic and industry conferences from 2011 – 2014
 - AcademyHealth, American Academy of Hospice and Palliative Medicine, Gerontological Society of America
 - National Association for Home Care & Hospice March on Washington, National Hospice and Palliative Care Organization Management and Leadership Conference, Visiting Nurses Association of America Financial Leaders Summit

Hospice Payment Reform Outreach Activities (2011 – 2014)



- At each conference or meeting, we presented a selection of research from the technical reports.
- CMS also highlighted some research findings in the FY 2014 and FY 2015 Hospice Final Rules

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- **Summary of payment reform concepts and key findings to consider**

Payment Reform Concepts



- Site of service adjustment
- Rebasing the routine home care rate
- Tiered payment model
- Short stay add-on
- Skilled visits at the end of life
- Live discharge

Site of Service Adjustment



- **Background:**
 - OIG and MedPAC raised concerns that payment for aide services was duplicated for beneficiaries using hospice in the nursing home.
 - Hospices with a high percentage of patients in the nursing home tend to have high margins
- In FY 2014 hospice rulemaking, CMS discussed potentially reducing payments for RHC patients in the nursing home.

Site of Service Adjustment



- Hospice patients in a nursing facility receive more visits than patients in the home after controlling for patient and provider characteristics.
- **Hospice aides may be substituting for, rather than augmenting, nursing facility aides.**

Rebasing the RHC Rate



- **Background:**
 - The base payment rate in the current hospice payment system is based on 26 hospices from a demonstration conducted in the early 1980s.
 - In part, due to changing patient populations, the current cost of hospice may be somewhat different compared to how hospice was delivered in the 1980s.
- In FY 2014 Hospice rulemaking, CMS discussed rebasing the RHC rate using current cost report data.

Rebasing the RHC Rate



- Due to data limitations, only the labor portion of the base payment rate could be rebased, which represents approximately 70% of the rate.
- Using just the labor information, it was found that rebasing using current cost information would result in **a reduction in the FY 2014 RHC payment rate of 10.1% (\$1.6 billion).**

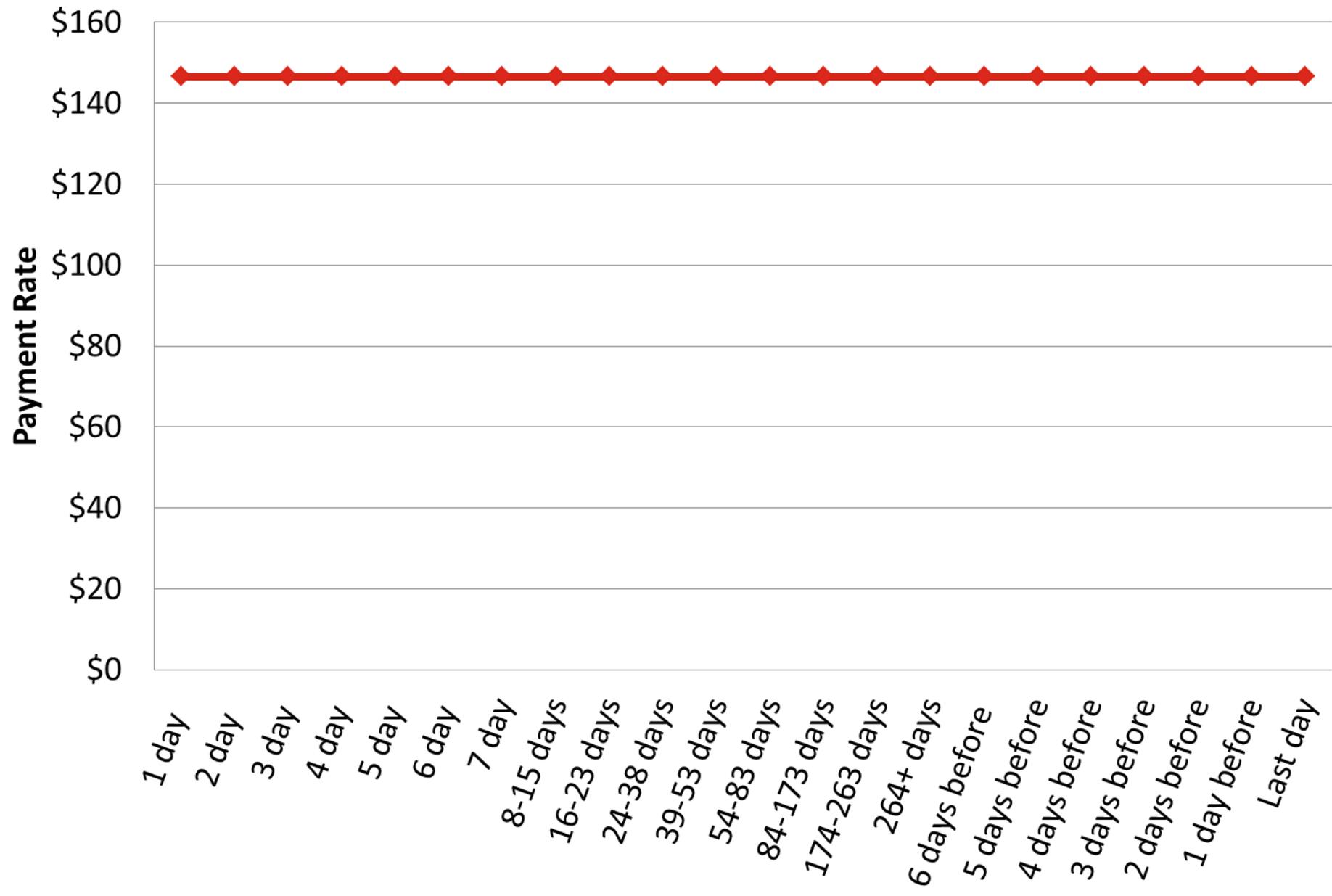
Tiered Payment Model



- Per-Diem (FY 2012)
 - Payments only vary by the level of care and wage index adjustment

Description	Rate	Wage Component Subject to Index	Non- Weighted Amount
Routine Home Care	\$151.03	\$103.77	\$ 47.26
Continuous Home Care Full Rate = 24 hours of care \$36.73= hourly rate	\$881.46	\$605.65	\$275.81
Inpatient Respite Care	\$156.22	\$ 84.56	\$ 71.66
General Inpatient Care	\$671.84	\$430.04	\$241.80

Average FY 2011 RHC Base Payment Rate (by Day)

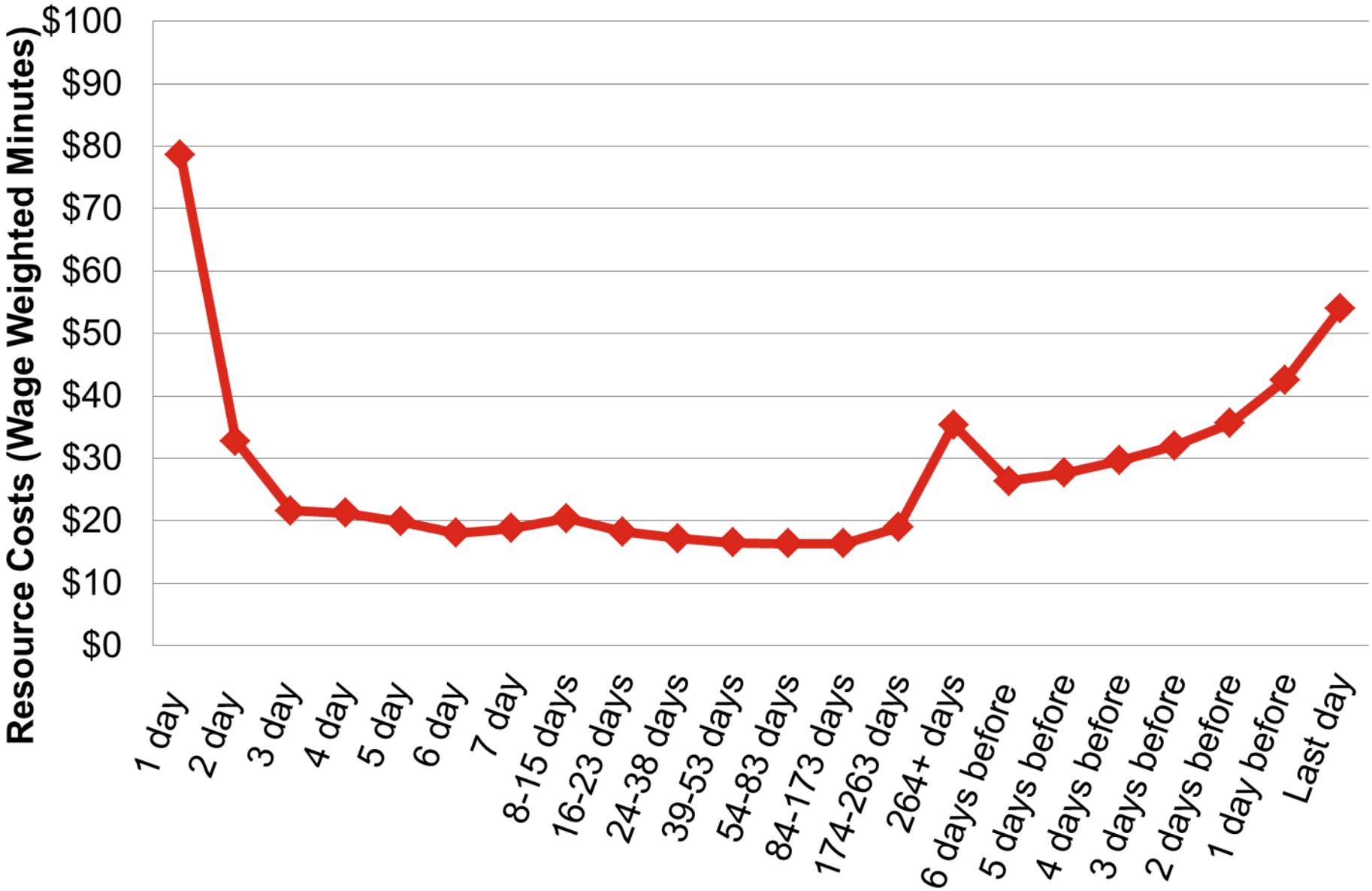


Tiered Payment Model



- Costs vary by many factors
 - Number, mix, duration of visits
 - Timing (early, middle, or end of the episode) of visits
 - Travel distance (labor staff to patient)
 - Drugs, equipment, supplies

Average Resource Use (2010) for All Beneficiaries Who Only Received Routine Home Care (and who receive hospices services for at least 14 days)



Tiered Payment Model



- Unintended Consequences of a simple U-Shaped Payment System
 - Could encourage extremely short stays
 - Could increase live discharges
 - How would level of care transfers be handled (GIP to RHC?)
 - Could reduce frequency of services in response to decreased reimbursement

Tiered Payment Model



- Different payments for characteristics that might be associated with the cost of the stay.
 - Would have features of a U-Shaped Model.
 - Could also pay for
 - Extremely short stay hospice users (who tend to have high average resource use).
 - Hospice users who do not receive skilled care at the end of life.

Tiered Payment Model



Group	Days of hospice	Implied weight	New Base Payment Rate
Group 1: RHC Days 1 – 5	2,800,144	2.3	\$337.25
Group 2: RHC days 6 – 10	2,493,004	1.11	\$162.76
Group 3: RHC days 11 – 30	7,767,918	0.97	\$142.23
Group 4: RHC Days 31+	65,958,740	0.86	\$126.10
Group 5: RHC during last 7 days, skilled visits during last 2 days	2,832,620	2.44	\$357.78
Group 6: RHC during last 7 days, no skilled visits during last 2 days	476,809	0.91	\$133.43
Group 7: RHC when hospice LOS is 5 days or less, and discharged dead	510,787	3.64	\$533.73
Total	82,840,022	1	\$146.63

Short Stay Add-on



- Background:
 - Stays that are 5 days or less (25% of beneficiaries in 2011) are less U-shaped because there is not a lower-cost middle period between the time of admission and the time of death.
- A potential reform would be to **only increase payments for the shortest stays through an add-on that would be paid for through a reduction to payment for long-stay beneficiaries**

Skilled visits at the end of life



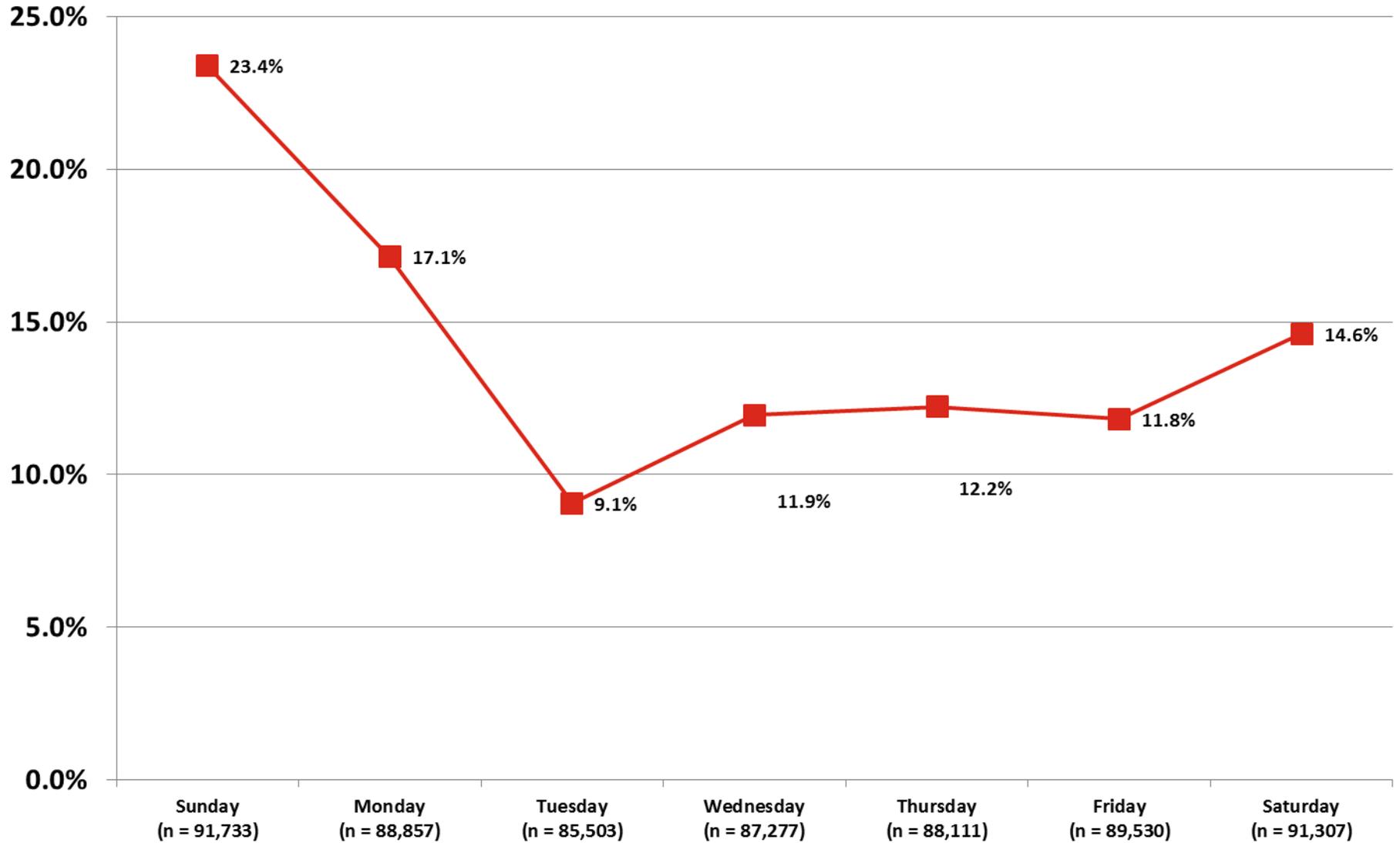
- **Background:**
 - Previous research suggests that visits in the last two days of life are associated with improved bereaved family member perceptions of quality of care.
 - The presence (or absence) of skilled visits at the end of life could be used as an additional tier.

- We also examined hospice facility variation in nursing, medical social worker, and therapy visits in the last two days of life among Medicare hospice decedents during 2012.

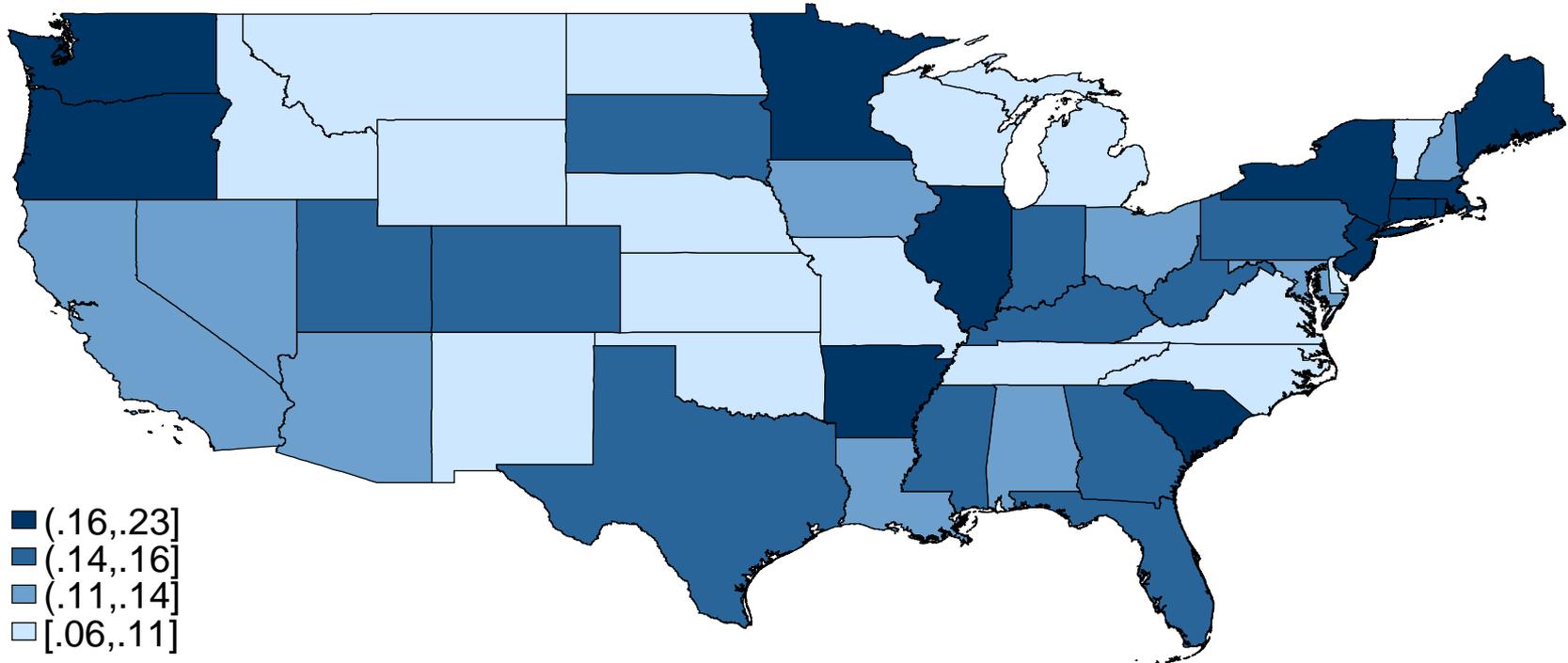
Frequency and Percentage of Decedents Not Receiving Skilled Visits at the End of Life (CY 2012)

	Number of Decedents with RHC on last X days	Percentage of Decedents with No Skilled Visits
No skilled visits on last day (and last day was RHC)	656,355	28.9%
No skilled visits on last two days (and last two days were RHC)	622,334	14.4%
No skilled visits on last three days (and last three days were RHC)	585,648	9.1%
No skilled visits on last four days (and last four days were RHC)	551,359	6.2%

Percentage of Beneficiaries Without Skilled Visits During Last Two Days of Life (By Day of Week that Death Occurred)



Proportion of Decedents With RHC on Last Two Days and No Visits



- States with the lowest percentage of beneficiaries with no visits on the last two days of life included: Wisconsin (5.7%), North Dakota (7.3%), Vermont (7.5%), Tennessee (7.5%), and Kansas (8.7%).
- States with the highest percentage of beneficiaries with no visits on the last two days of life included: New Jersey (23.0%), Massachusetts (22.9%), Oregon (21.2%), Washington (21.0%), and Minnesota (19.4%).

Skilled visits at the end of life



- There is considerable variation in the probability of receiving skilled visits at the end of life that may be related to certain characteristics of the hospice stay.
- These characteristics include
 - The day of the week a beneficiary died
 - Which state the beneficiary is located in
 - Which specific hospice a beneficiary receives services from

Live Discharge



- Live discharges can occur for a variety of reasons:
 - Patient choice;
 - Patient is no longer classified as terminally ill;
 - Moves out of service area
 - Due to cause

Live Discharge



- MedPAC 2009 - 48% live discharges rate in above cap hospice compared to 16% rate of live discharges in below cap hospice.
- Above cap hospices have
 - substantially higher live discharges
 - longer length of stay
- This indicates above cap hospices may be more likely to admit patients before they meet hospice eligibility requirements.

Live Discharge



- In CY 2010, 18.2% of discharges were live discharges
 - In CY 2000, the live discharge rate was 13.2%
- There is substantial variation in the rate of live discharge across hospices
 - Interquartile range is 27.5%
 - The 90th percentile is equal to 40.9%

Live Discharge



- Some hospices have a pattern of
 - live discharge
 - followed by hospital admission within 2 days
 - Followed by hospice readmission within 2 days of hospital discharge
- Facility level live discharge rate is 6.4%
 - Interquartile range is 9.8%
 - The 90th percentile is equal to 14.8%
- New, small, for-profit hospices have higher live discharge rates compared to their non-profit counterparts

Live Discharge



- Substantial variation in the rate of live discharge by state and hospice facility raises concerns that needs further research.
- Problematic Live Discharges are higher among for-profit providers with slightly higher rates among those hospice not in national or regional chains.

Resources



- **2013 and 2014 Hospice Study Literature Reviews, respectively**
 - <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Downloads/Hospice-Payment-Reform-Literature-Review.pdf>
 - <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Downloads/MedicareHospicePaymentReformLiteratureReview2013Update.pdf>

Resources



- **2013 and 2014 Hospice Study Technical Reports, respectively**
 - <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Downloads/Hospice-Study-Technical-Report.pdf>
 - <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Downloads/May-2014-AnalysesToSupportPaymentReform.pdf>

- **Presentation slides**
 - **Data Analysis Presentation [ZIP 1MB]**
 - <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Hospice/Downloads/March-2014-NHPCO-Slides.pdf>

Questions?



Please contact Abt Associates
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