202. Hospice Regulatory Change is Inevitable: Are We Prepared & What Will Medicare Learn From the Data?

Katie Wehri, CHC, CHPC
Hospice Regulatory & Operations Specialist
katie@nahc.org

M. Aaron Little, CPA
Managing Director
mlittle@bkd.com

OBJECTIVES
OBJECTIVES

// Describe & discuss rationale behind recent changes/upcoming changes to claims, diagnosis coding, & quality reporting

// Describe & discuss regulatory policy, & legislative issues on periphery of hospice

// Discuss impact that these changes will have on the industry

CHANGE IS NECESSARY?
CHANGE IS NECESSARY?

// Rationale behind recent changes

// Bigger than hospice
  // Trust fund
  // Aging population

// Centers for Medicare & Medicaid Services (CMS)
  // Obtain data/facilitate hospice payment reform
  // Protect the integrity of the Hospice Benefit

CHANGE IS NECESSARY?

Medicare Hospice Benefit Expenditures
$15B

Medicare Expenditures Outside of Hospice Benefit
$1B
Supply of hospices has increased, driven by growth of for-profit hospices

Note: Figures preliminary and subject to change
Source: MedPAC analysis of Medicare cost reports, Provider of Services file, and hospice claims from CMS.

Hospice spending grew in 2012 as number of users and average length of stay increased

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare hospice spending (billions)</td>
<td>$2.9</td>
<td>$13.8</td>
<td>$15.1</td>
<td>15.2%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Number of hospice users</td>
<td>534,000</td>
<td>1,219,000</td>
<td>1,274,000</td>
<td>7.8%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Average length of stay, decedents (days)</td>
<td>54</td>
<td>86</td>
<td>88</td>
<td>4.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Median length of stay, decedents (days)</td>
<td>17</td>
<td>17</td>
<td>18</td>
<td>No change</td>
<td>+1 day</td>
</tr>
</tbody>
</table>

Note: Figures are preliminary and subject to change. Length of stay reflects the total number of days the decedent hospice user was enrolled in the Medicare hospice benefit during his/her lifetime.
Source: MedPAC analysis of Medicare hospice claims data, Medicare Beneficiary Database and Denominator File data from CMS.
CHANGE IS NECESSARY?

Diagnosis
- Cancer: 51 days
- Neurological: 139 days

Patient Location
- Home: 90 days
- NF: 112 days
- ALF: 154 days

CHANGE IS NECESSARY?

Ownership
- Non-profit: 69 days
- For-profit: 105 days

Type of Hospice
- Provider-based: 65 days
- Free standing: 91 days
CHANGE IS NECESSARY?
Median Length of Stay
17-18 days

Average Length of Stay

54 → 87

Hospice Medicare margins, 2005-2011

Note: Figures are preliminary and subject to change. Margins exclude cap overpayments and non-reimbursable costs.

Source: MedPAC analysis of Medicare hospice claims and cost reports from CMS.
CHANGE IS NECESSARY?

Q3 FY2013

Hospices reporting single diagnosis on claims:

69%

CHANGE IS NECESSARY?

// Quality data
// Overall quality focus in health care
// Affordable Care Act (ACA)
// Medicare Payment Advisory Commission (MedPAC), Office of Inspector General (OIG), etc.
// Minimal hospice quality information
    // Not standardized
    // Not all hospices
    // Not publicly reported
QUALITY REPORTING PROGRAM

ACA Section 3004

// Mandated reporting with financial penalty for not participating
// Ultimate goal of public reporting
// Phase 1
  // Structural measures/NQF 0209 pain measures
  // Complies with ACA & moves hospices toward routine collection, reporting
// Phase 2 – Hospice Item Set (HIS)
QUALITY REPORTING PROGRAM

// Public reporting – no earlier than FY2017

// Applicable to all patients, all payers

// Quality reporting vs. quality improvement

// Standardized collection vs. standardized assessment

QUALITY REPORTING PROGRAM

// HIS
// Admission
// Discharge
// July 1, 2014 implementation date
// 2016 payment year

// Hospice Experience of Care Survey
// January to March 2015 dry run
// April 2015 implementation date
// 2017 payment year
QUALITY REPORTING PROGRAM

// Quality data
  // CMS & payers
    // Pay for performance
    // Managed care contracting
    // Public reporting
    // Survey
    // Additional development requests (ADRs) & other medical review
  // Hospices
    // Quality programming
    // Performance improvement
    // Payment negotiation
    // Marketing

QUALITY REPORTING PROGRAM

// Consumers
    // Comparison shopping
    // Negotiation

// Potential partners
    // Comparison shopping
    // Negotiation
Hospice Regulatory Change is Inevitable: Are We Prepared & What Will Medicare Learn From the Data?

LOOKING BEYOND HOSPICE BENEFIT

Protecting integrity of Medicare/Medicare Hospice Benefit

- Spending outside of hospice benefit
  - Medicare Part D
    - Prior authorization process
    - CMS soliciting comments on 2015 proposed changes
    - OIG report
  - Inpatient billing
    - Change Request (CR) 8273
  - Physician/supplier
    - CMS attending physician proposed 2015 rule
    - CR 8425 rescinded & is larger than physician/supplier
    - CR 8098 vaccines
  - Outpatient, durable medical equipment (DME), skilled nursing facilities (SNF), home health
LOOKING BEYOND HOSPICE BENEFIT

Protecting Integrity of Medicare
  // CR 8425 – Removal of Prohibition

Risk-based Managed Care
  // Dual eligible population
  // Care coordination
  // Chronic care
  // Palliative care

LOOKING BEYOND HOSPICE BENEFIT

Innovation
  // Medicare Care Choices Model
  // Accountable Care Organization (ACO)
  // Bundled payment
  // Medical homes
202. Hospice Regulatory Change is Inevitable: Are We Prepared & What Will Medicare Learn From the Data?
HOSPICE DATA

// Claims data
// Available claims data
// Patient demographics
// Detailed drugs & infusion pump data as of April 1, 2014
// Limited post-mortem service information
// Additional diagnosis information
// Length of service & discharge information, if applicable
// Utilization frequency & length of visits
// By date
// By billable discipline
// By level of care
// By location
// Outpatient
// Inpatient, by type
// By physician
// Service charges
### HOSPICE DATA

**Unavailable claims data**
- No drugs, DME, medical supplies, transportation or other detailed cost information available prior to April 1, 2014
- Lacking certain core services information
  - Volunteer, spiritual & counseling services information
- No post-mortem service information
  - Bereavement, counseling & other services
- Limited diagnosis information
- No itemized services available during general inpatient (GIP) periods
- No cost data
- No quality information

### HOSPICE DATA

**Medicare cost report data**
- Available cost report data
  - Aggregate & per day cost data
    - By discipline of service
    - By type of expense
    - By level of care
      - As of future date if proposed cost report changes are finalized
  - Aggregate utilization data
    - By level of care
  - Revenues, expenses & margins
  - Census

**Medicare cost reports**
HOSPICE DATA

// Unavailable cost report data
// No patient data
// Diagnosis, length of care, utilization, etc.
// No post-mortem service information
// No cost by level of care
// Unless proposed cost report changes become finalized
// No margin information by type of patient
// No quality information
HOSPICE DATA

Current data limitations

- Cost report data vs. claims data
  - Accuracy concerns
- Inability to capture post-mortem service costs
- Lack of intelligence related to expenses
  - Costs by level of care
  - Costs per visit
  - Costs by diagnosis, including comorbidities
  - Costs by timing of occurrence
    - Beginning of care vs. end of care vs. middle of care
- Lack of quality data

Expanded Medicare cost report data

HIS

Expanded claims data

Experience of Care Survey

Future data sources
### Available Data = Patterns & Trends
- Claims
- Levels of care
- Number & type of visits
- Drugs & pumps
- Length of visits
- Location of care
- Diagnoses
- Cost reports
- Cost per visit
- Cost per level of care
- Cost per location of care
- Cost per diagnosis
- Cost per patient
- Cost per length of stay
- Cost by period of stay

### Benefit Accountability Questions
- Does care cost more in nursing facilities or other inpatient locations?
- Does care cost more at beginning, middle, or end of care?
- What is care intensity by diagnosis? Does it change based on location of patient, inpatient vs. outpatient?
- What amount of time is actually spent with patients by clinical professionals?
- What amounts & costs of drugs are involved in patient care? Does location of patient impact utilization?
THE FUTURE?

// Increased accountability
// Increased oversight
// Payment reform
// Case-mix implications
// Increased private pay
// Increased partnerships/bundled care & payments
// Mandatory quality reporting
202. Hospice Regulatory Change is Inevitable: Are We Prepared & What Will Medicare Learn From the Data?

Katie Wehri, CHC, CHPC
Hospice Regulatory & Operations Specialist
katie@nahc.org

M. Aaron Little, CPA
Managing Director
mlittle@bkd.com