



## President's Budget for Fiscal Year 2016 and the Hospice Community

The White House released the President's budget proposal for fiscal year 2016 (October 1, 2015-September 30, 2016) on February 2, 2015. The President's budget initiates the Federal budget process. The budget outlines the President's policy priorities, federal spending, and tax revenues for the upcoming fiscal year, in addition to a 10-year budget period. The budget also serves as a recommendation to Congress for spending and tax policy changes. The President's budget is not binding, and is a largely messaging piece, identifying policy priorities within the Administration.

Once the President's budget is released, the House and Senate Budget Committees hold hearings with members of the President's Administration, such as the Secretary of Health and Human Services, regarding their respective sections of the budget. The Budget Committees draft, and each chamber approves, the Congressional resolution. The resolution sets targets for other Congressional committees to write legislation to change government spending or revenue levels.

The House and Senate Appropriations Committees divide the funding approved in the Congressional resolution among their subcommittees, which develop legislation that funds programs or changes existing programs or revenue mechanisms. The corresponding subcommittees meet and negotiate their legislation, which moves on to the House and Senate floor for votes. Remember, the President's budget is a blueprint for the Administration's policy priorities. As such, components of the President's budget are not likely to be included in Congressionally-drafted budgets. If passed, the President may sign or veto each bill. As recent years have demonstrated, if Congress does not complete and pass appropriations bills by October 1 of the fiscal year, it must pass a Continuing Resolution (CR), to continue funding for affected agencies or programs.

The President's Budget for FY16, specifically the budget for the Department of Health and Human Services, lists several proposals that have the potential to affect the hospice community in the future. As is the nature of the political process, many—if not most—of the President's budget plans will not be included in the final budget. While the proposals below may not ultimately be included in the budget, they will be studied by Congressional staff and could emerge in future legislative initiatives. The Hospice Action Network and National Hospice and Palliative Care Organization will be monitoring Congressional and regulatory activity for developments on these and any future proposals that may impact hospice programs, patients, and their families nationwide.

### **Proposals from the President's budget that we will monitor include:**

#### **Repeal of the Sustainable Growth Rate (SGR)**

The President's budget proposes replacing the Sustainable Growth Rate, which is scheduled to inflict a 21 percent reduction in physician payment rates on April 1, 2015. Instead, the budget proposes new models of physician payment, emphasizing efficient delivery of care.

#### **Turning Off the Sequester**

The President's budget also proposes repealing the sequester's 2% payment reduction on mandatory Medicare programs, including hospice. According to CBO's most recent estimate in January 2015, ending the sequester would increase Medicare spending by \$148 billion over the next 10 years. If the sequester

is lifted, hospices would receive 100% reimbursement at the wage index-adjusted rates for all levels of care.

#### **Implement Bundled Payment for Post-Acute Care**

Beginning in 2020, bundled payments would be implemented for post-acute care providers, including long-term care hospitals, skilled nursing facilities, and home health providers. However, it is currently unclear if or how this will affect hospices that provide care in skilled nursing facilities.

#### **Strengthen the Independent Payment Advisory Board (IPAB) to Reduce Long-term Drivers of Medicare Cost Growth**

Under the Affordable Care Act, if the projected Medicare per capita growth rate exceeds an established target rate, the Independent Payment Advisory Board will replace the Medicare Payment Advisory Commission (MedPAC), and recommend policies to Congress to reduce the Medicare growth rate. The President's budget lowers the target Medicare growth rate, which is projected for 2018.

#### **Establish Authority for a Program to Prevent Prescription Drug Abuse in Medicare Part D**

This proposal would require Part D sponsors to conduct drug utilization review. Under this proposal, the HHS Secretary could establish a program in Part D that would require high-risk Medicare beneficiaries to only utilize certain prescribers and/or pharmacies to obtain controlled substance prescriptions. Such a program could impact the prescribing authority of hospice physicians and/or patient access to certain classes of medications.

#### **Suspend Coverage and Payment for Questionable Part D Prescriptions and Incomplete Clinical Information**

This proposal would provide the HHS Secretary authority to require additional information on certain Part D prescriptions, such as diagnosis codes, as a condition of coverage. This proposal may increase the burden on hospices to appropriately document Part D medications for hospice patients. Without appropriate safeguards, this proposal may negatively impact a hospice patient's access to clinically appropriate medications through potential limitations in the prescribing authority of hospice physicians, and possibly superseding a hospice physician's medical expertise and infringing on the patient's plan of care. It may also increase the documentation burden on hospices prescribing and managing their patients' Part D medications unrelated to the terminal prognosis.

#### **Allow Civil Monetary Penalties for Providers and Suppliers Who Fail to Update Enrollment Records**

Currently, Medicare providers are required to update enrollment records to remain in compliance with the Medicare program. This proposal would allow penalties if providers and suppliers fail to update their records, providing an additional incentive to report up to date information and helping reduce program vulnerability to fraud.

#### **Value Based Purchasing Support Contracts and Quality Measures**

The funding for this program supports, in part, hospice public reporting programs.