



President's Budget for Fiscal Year 2017 and the Hospice Community

On February 9, 2016, President Obama released his budget proposal for fiscal year 2017 (October 1, 2016-September 30, 2017). The President's budget outlines the President's policy priorities, federal spending targets, and proposed tax revenues for not only the upcoming fiscal year but for a 10-year budget period. **It is important to note that the President's budget is not a law or even a piece of legislation.** It is simply a non-binding statement that identifies policy and funding priorities for the Administration. However, the proposal includes several provisions that, if enacted, would significantly affect hospices:

Reform Medicare Hospice Payments

The President's budget proposes reducing the market basket updates for hospice providers by 1.7 percent in 2018, 2019, and 2020 as a first step toward aligning payment with costs of care. However, this adjustment would not cause payment updates for hospice providers to drop below zero percent. This President's budget also recommends the implementation of a hospice-specific market basket by 2021. If enacted, these proposals would save the Medicare program \$9.3 billion over 10 years. This would require a statutory change.

Implement Bundled Payment for Post-Acute Care

Beginning in 2021, the budget would implement bundled payments for post-acute care providers, including long-term care hospitals, inpatient rehabilitation facilities, skilled nursing facilities, and home health providers. Hospice is not considered a post-acute care provider. However, it is currently unclear if or how this will affect hospices that provide care in skilled nursing facilities. This provision also appeared in the President's FY16 budget. This would require a statutory change.

Survey and Certification

The President's FY17 request for Survey and Certification is \$437 million, a \$40 million increase over the amount enacted for FY16. CMS expects states to complete over 25,800 initial surveys and re-certifications in FY17. This amount also supports the FY17 survey requirement of the IMPACT Act of 2014, which increased hospice survey frequencies to no less than once every three years. This reflects continued implementation of existing survey requirements.

Medicare Care Choices Model

Starting in 2016, Medicare beneficiaries who meet participation criteria can receive select hospice services from participating providers while concurrently receiving curative treatment. CMS will evaluate whether providing concurrent curative and palliative services to hospice beneficiaries improves quality of life and patient and family satisfaction, increase access to supportive care services provided by hospice, and inform payment policy. This is continued implementation of existing model testing.

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

This provision 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. This would require a regulatory change.

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 medications for hospice patients that are unrelated to the terminal prognosis and billed to Part D. Without appropriate safeguards, this proposal may negatively impact a hospice patient's access to clinically appropriate medications for unrelated medical issues. This would require a regulatory change.

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

This item also appeared in the President's FY16 budget proposal. 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 that would trigger IPAB's onset in 2018. This would require a statutory change.

While these proposals may not ultimately become law, 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, and will work to protect and promote hospice programs and the patients they serve.

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