National Hospice and Palliative Care Organization

Hospice Action Network

Hospice and a Medicare Unified Deductible/Copay

The Medicare Hospice Benefit exemplifies patient-centered, coordinated end of life care that is reimbursed in a risk-adjusted and bundled manner at a savings to the American tax payer. By having Medicare pay a flat, per-diem rate that covers all aspects of the patient's care related to the terminal illness (including all services delivered by the interdisciplinary hospice team, drugs, medical equipment and supplies), the Medicare Hospice Benefit has been proven to save money for Medicare while improving care quality for Medicare beneficiaries.[i,ii]

The National Hospice and Palliative Care Organization and its affiliate, the Hospice Action Network, are supportive of common-sense structural reforms to entitlement programs to address the nation's fiscal crisis and ensure long-term sustainability of the Medicare and Medicaid programs. **However, we urge policymakers to be cautious when considering plan designs that could increase costs and decrease access for hospice patients and their families.**

Several of the proposals to redesign Medicare's benefit structure recognize the unique nature of hospice care and recommend that individuals facing end of life care continue to be protected from the burden of additional costs. [iii] These include:

Alice M. Rivlin, Bipartisan Policy Center (BPC) and Brookings Institution, May 21, 2013
In testimony before the House Ways and Means Subcommittee on Health, Rivlin noted, "If services do not have cost-sharing, there should be a strong justification and the application should be limited. Examples of services that should not have cost-sharing include preventive care…, **hospice care**, and very inexpensive services, such as a $3 lab test."[iv] Rivlin goes on to describe the Bipartisan Policy Center's Cost Containment proposal,[v] which includes:

- Limiting annual beneficiary cost-sharing for catastrophic medical costs at $5,315
- Streamling the Medicare Part A and B deductibles into a single, annual deductible of $500
- Providing the Department of Health and Human Services Secretary with authority to replace coinsurance and establish more predictable copayments…similar to those suggested by [MedPAC].

The BPC proposal maintains current policies that eliminate cost-sharing for preventive care and provide for the annual Medicare wellness visit, *as well as hospice*.

Medicare Payment Advisory Commission (MedPAC), "Report to Congress," June 2012[vi]
MedPAC presents a sample fee-for-service benefit reform package. The package includes, among other features:

- An out-of-pocket maximum
- Combined *or* separate Part A and Part B deductibles
- Copayments, rather than coinsurance, *that may vary by type of service provider.* In the sample benefit package set forth, *hospice has 0% coinsurance*.

Kaiser Family Foundation, "Restructuring Medicare's Benefit Design – Implications for Beneficiaries and Spending," November 2011[vii]

This report analyzes the effects of replacing the current Medicare benefit with an alternative design in 2013 that would include:

- Combined deductible for Parts A and B of $550
- A 20% coinsurance rate on Medicare-covered services, including inpatient, home health, and skilled nursing facility, *but excluding hospice*
- An annual out-of-pocket spending limit of $5,500 on Medicare-covered services

These parameters are identical to those outlined in the March 2011 CBO report, "Reducing the Deficit: Spending and Revenue Options," however, the CBO report does not specifically mention any carve-out for hospice care.[viii]

The Medicare Hospice Benefit provides a wide-range of services to over a million Americans and their families every year. These services improve the quality of life of patients at the end of life and support family members during this difficult time. While NHPCO and HAN support common-sense Medicare reform, it is important to consider the impact of the millions of Americans affected by hospice care each year.

The hospice community encourages policymakers to be thoughtful when considering changes to Medicare that could increase costs and restrict access for hospice patients and their families. We ask for your support in preserving access to high-quality, cost efficient end-of-life care, as recommended in the above proposals, and refrain from applying copays to hospice care.

February 3, 2015

---

[i] Kelley AS, Deb P, et al., "Hospice Enrollment Saves Money For Medicare and Improves Care Quality Across A Number of Different Lengths-Of-Stay." Health Affairs 2013; 32(3): 552-561.

[ii] Taylor DH et al. 2007. What length of hospice use maximizes reduction in medical expenditures near death in the US Medicare program? *Social Science & Medicine*, 65: 1466-1478.

[iii] Hospices currently may charge Medicare beneficiaries a minimal copayment for drugs and biologicals and for the provision of respite care. This copayment is optional and many hospices opt not to impose it for various reasons, including preventing additional stress on patients and grieving families.

[iv] Rivlin AM. Written testimony before the United States House of Representatives, Committee on Ways and Means, Subcommittee on Health. http://bipartisanpolicy.org/sites/default/files/Alice_Rivlin_Testimony%20May%202013.pdf.

[v] Daschle T, Domenici PV, Frist B, and Rivlin AM. "A Bipartisan Rx for Patient-Centered Care and System-wide Cost Containment." Bipartisan Policy Center. April 18, 2013. http://bipartisanpolicy.org/library/report/health-care-cost-containment.

[vi] Medicare Payment and Advisory Commission (MedPAC). "Reforming Medicare's benefit design," in *Report to Congress: Medicare and the Health Care Delivery System*. June 2012. http://www.medpac.gov/chapters/Jun12_Ch01.pdf.

[vii] Cubanski J, Neuman T, Levinson Z, et al. *Restructuring Medicare's Benefit Design: Implications for Beneficiaries and Spending*. Henry J. Kaiser Family Foundation. November 2011. http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8256.pdf

[viii] Congress of the United States Congressional Budget Office. "Reducing the Deficit: Spending and Revenue Options." March 2011. http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf.