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Hospice Providers Hurting Financially

People Live Longer But Pay Is the Same

BY MICHAEL COLEMAN Journal Washington Bureau

WASHINGTON — Nearly 30 percent of New Mexico hospice providers are deeply in debt to the federal government and could face financial ruin if a Medicare reimbursement plan isn't restructured, according to hospice and state and federal officials.

Independent hospices in New Mexico and across the country are operating under a 25-year-old Medicare reimbursement formula that was written exclusively with terminal cancer patients in mind.

The formula pays for about 130 days of hospice care under Medicare before the payments are capped. But the federal government expanded hospice eligibility requirements in 1997 to include other terminal illnesses, such as Alzheimer's disease and terminal cardiac and respiratory ailments, which sometimes don't prove fatal within the roughly six months underwritten by Medicare.

Hospices provide medical and emotional care for terminally ill patients who are past the point of recovery. Hospice advocates say the facilities are less expensive than hospitals and cater more effectively to the unique needs of people who are certain to die.

New Mexico hospice owners interviewed by the Journal said they have never discharged a patient when their Medicare effectively ran out, but they said the extended stays erode many hospice's fiscal health as the facilities absorb costs that are not reimbursed.

The privately run Zia Hospice in Albuquerque owes the federal government \$400,000 for the 2005 fiscal year, and Sherry Williams, Zia's owner and administrator, said she fears that debt could triple when Medicare comes to collect for 2006.

"The program was expanded, but the number of days (paid by Medicare) was not extended," Williams told the Journal. "There needs to be a change because hospices just aren't able to absorb these costs."

Landsun Hospice in Carlsbad, a nonprofit hospice supported by the Methodist Conference, is more fortunate than many hospices because the conference has absorbed its Medicare debts, which totaled \$600,000 for the year 2005.

"We have clients who meet the criteria, but we are not reimbursed at a rate that coincides with their length of stay," said Pam Titus, Landsun's administrator. "If there is not some momentum (to address the issue by Congress), it could mean the demise of some hospices."

Sen. Pete Domenici, R-N.M., and Lt. Gov. Diane Denish, a Democrat, both sounded alarms about the issue in recent months. In late October, Domenici asked the Senate Finance Committee to propose legislation that would halt federal collection of hospices' Medicare debt for three years.

The delay would allow Congress to retool the funding formula to acknowledge that some people who are admitted to hospices under the expanded eligibility might live longer than the cancer victims for whom the reimbursement law was written in 1982.

Domenici asked that the proposed moratorium covering fiscal years 2005, 2006 and 2007 be written into Medicare legislation now being developed by the committee.

In July, Denish wrote to members of New Mexico's congressional delegation and recounted conversations she had with New Mexico hospice care providers.

"According to some of the individual providers, this demand is forcing these hospices to choose between rationing care for eligible, terminally ill Medicare patients, and going bankrupt," Denish wrote. "As many as 500 patients and families are at imminent risk of losing access to hospice care."

Twenty-nine percent of all New Mexico hospices have received payment demand letters totaling more than \$3 million for 2005, according to Domenici's office. Debt collection for 2006 will start soon, and some hospices expect their new debt to double or triple 2005 rates. Nationally, at least 180 hospice programs owe about \$160 million to Medicare.

"A number of local, independent hospice programs in New Mexico are right to be somewhat panicked at repayments being demanded by (Medicare)," Domenici said in a statement provided to the Journal. "These demands are unfair and threaten the viability of these programs that care for terminally-ill seniors."

In 2005, New Mexico hospices provided almost 685,000 days of hospice care to about 6,700 terminally ill Medicare beneficiaries, for which they received \$76 million in Medicare reimbursements.

Domenici said Congress should "put a hold on the repayment notices and find a solution that does not threaten the ability of the sick to access hospice care in rural and inner-city areas."



DENISH: Says hundreds of patients could face rationing of care



DOMENICI: Wants moratorium written into Medicare legislation