

Medicare bills loom over state hospices

Almost half exceed federal caps on services

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WASHINGTON - When Clarke County hospice owner Gaines McCorquodale got a letter from Medicare saying he had been providing more services than it was willing to fund, he had two choices.

"Either I would have to go down to Miss Williams at Gee's Bend and say, 'We're sorry, you lived too long, and Medicare won't pay us to come take care of you any more.' Or we can say we're going to continue to go and continue to take care of her, and that's the decision we made," McCorquodale said.

The Jackson-based in-home hospice program, it turns out, had patients who were living longer and costing more than 1982-era Medicare rules envisioned. And when the business exceeded the limit of what Medicare would cover, the federal agency demanded a refund. For 2005, it was a \$582,000 bill that McCorquodale and his partner are still paying off one month at a time.

Nationally, the industry estimates that more than 200 hospice programs in 25 states were billed about \$200 million for overpayments in 2005, figures that have been increasing dramatically since 1999. The problem, according to independent hospice operators, is that the payment system hasn't been updated since Congress decided to add more non-cancer patients to Medicare's hospice benefit, and more of them are living longer than their six-month prognosis.

The smaller for-profit and not-for-profit hospice operators have banded together and are now lobbying Congress for a break, alleging that Congress broadened the benefit without adding new money, and it could squeeze some of them out of business.

'It's a tough issue':

Allies have emerged on Capitol Hill.

Sen. Pete Domenici, R-N.M., has asked for a three-year freeze on hospices being forced to refund the money to the Center for Medicare and Medicaid Services, the government agency that handles Medicare.

"I believe this is an issue of patient access, especially in rural communities and inner-city areas," Domenici said. "Relief for those that need it most would ensure that hospice providers can continue to provide care in a dignified manner."

Members of the U.S. House from Oklahoma also have spoken out. New Mexico and Oklahoma are two states with high percentages of hospice programs that exceeded the Medicare cap. Neither, however, is as high as Alabama's.

In Alabama, almost half of all the state's hospices exceeded the cap by a total of \$36.7 million in 2005, according to figures from the National Alliance for Hospice Access, a newly formed organization of independent hospices. Hospice owners from the state have been on Capitol Hill in recent weeks, asking for the moratorium.

"That is what I intend to support," Sen. Jeff Sessions, R-Ala., said Friday. "It will give them a chance get their financial house in order and see if they can't get some relief, but it's a tough issue."

Hospice stays extended:

Congress first allowed Medicare coverage for hospice in 1982 but limited what it would spend as a way to contain costs. Initially the patients were mostly terminally ill with cancer, their stays in hospice were short and predictable, and hospice programs rarely exceeded those limits.

Over the years, end-of-life care grew in popularity and was often cheaper than hospitalization. In 1998, Congress expanded the Medicare benefit to add more non-cancer patients whose illnesses were less predictable than cancer. The result was more hospice providers bumping into and exceeding the Medicare cap. Although the dollar amount of the cap has been adjusted for inflation, it was not updated to account for the longer stays.

Medicare reimburses McCorquodale's hospice \$117 for each day of care provided to each patient. The cap for 2007 is \$21,410, which is about six months, so it becomes a mathematical challenge to balance a patient load - which changes almost daily - to keep below the aggregate cap.

Patients are deemed eligible for the Medicare hospice benefit with a doctor's certification of a prognosis of six months to live. While some patients are in hospice for only a few days or weeks, others go well over six months.

"If we don't get paid by Medicare to go see (a patient), we're going to go see her anyway, and that's a recipe for going broke," McCorquodale said.

Breaking the cap:

The statistics show that some states, such as Alabama, exceed the cap more often than others, raising concerns that some providers are pushing the boundaries of what hospice should entail and whether all patients have a true six-month prognosis.

Last year, for example, a national hospice provider based in Texas paid \$12.9 million to settle allegations that the company billed Medicare for hospice services for patients who were not terminally ill.

Also, Alabama is one of those states with a huge increase in the number of hospice providers. State officials report about 180 in-home hospice programs operating in the state right now, a number that has more than doubled in a few years.

Nationally, Medicare payments for hospice grew from \$2.9 billion in 2000 to more than \$8.1 billion in 2005, according to Medicare Payment Advisory Commission, an independent federal commission that advises Congress.

"Some people have said that savvy hospices could manage their cap, but the truth is the only way to manage the cap is to really ration care," said Lois Armstrong, a hospice operator in Oklahoma active with the national alliance that has been lobbying Congress.

Operators could choose to take fewer non-cancer patients or discharge patients who live longer than expected, she said, and both would be "reprehensible."

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