

ENSURE ACCESS TO CARE FOR RURAL PATIENTS

ISSUE: Hospices are reimbursed one of four per diem rates based on the level of care provided. At least 95 percent of the care provided is in the patient's residence. Based on the demographics in rural areas, there are naturally fewer patients needing hospice services than is the case in urban areas. As a result, rural hospices must offer the full hospice benefit at a generally higher cost per patient. The benefit was originally enacted with a per-patient cap to be calculated on an aggregate basis with the thought that some patients would require fewer resources than others; thus making those excess cap payments available to offset the costs of more resource intensive patients. This works if a hospice has a large enough case load to balance expenses. However, if a rural hospice has several high cost patients, there are fewer cap payments to absorb the expense.

RECOMMENDATION: Congress should enact a 5 percent add-on for hospices located in and caring for patients in rural areas.

RATIONALE: Hospices in rural areas have difficulty in recruiting and retaining adequate staff to meet the full panoply of services required under the Medicare hospice benefit. Additionally, hospice caregivers must drive greater distances to patient's residences than in urban areas. There is no consideration of consistently more expensive fuel costs in hospice reimbursement rates. The hospice wage index is updated annually using the most currently available hospital wage data as well as any changes by the Office of Management and Budget in the core-based statistical areas followed by the budget neutrality adjustment. In most states, the rural wage index is lower resulting in comparatively lower reimbursement rates.