



National Hospice and Palliative Care  
Organization



September 23, 2009

The Honorable Max Baucus  
Chairman, Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Charles Grassley  
Ranking Member, Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

On behalf of hospice and palliative care providers and the more than 1.5 million patients, and their families, served by hospice each year, I would like to express our enthusiastic support of a proposal to protect hospice that we urge to be adopted by the Senate Finance Committee as part of health care reform. Specifically, America's hospice community seeks your support for an alternative to the Committee Mark's .5% hospice market basket cut and hospice productivity adjustment.

Our team-oriented approach to expert medical care, pain management, and emotional and spiritual support expressly tailored to the patient's needs and wishes, is a model for quality, compassion, and cost-efficient health care. More than 98% of surveyed families who received hospice care would be willing to recommend hospice to others.

In addition to providing high-quality care, hospice is a Medicare cost saver. In 2007, an independent Robert Wood Johnson Foundation-funded study by Duke University found that hospice reduced Medicare costs by \$2,300 per patient, amounting to more than \$2 billion in savings per year. Hospice is also a good steward of Medicare dollars. According to the June 2008 MedPAC report, hospices operate with margins averaging just 3.4 percent. Many hospices, particularly smaller non-profits and those in rural areas, operate on negative margins and rely on charitable fundraising to stay afloat.

With such narrow operating margins, the hospice community simply cannot endure the productivity adjustments proposed in America's Healthy Future Act. The productivity adjustment and hospice market basket cut would impose an 11.8 percent reduction to hospice reimbursement by 2019. Hospices have already received a permanent Medicare rate reduction through an administrative phase-out of the Budget Neutrality Adjustment Factor (BNAF) in the Medicare hospice wage index over the next seven years. The combined impact of these cuts would be a 14.3 percent reduction in hospice reimbursement over the next decade. With average margins of just over 3 percent, the hospice community would face significant closures and compromised patient access to high-quality, compassionate end-of-life care if such cuts were imposed.

Chairman Baucus and Ranking Member Grassley  
September 23, 2009  
- Page 2 -

The hospice supported alternative to these cuts would protect hospice access and accommodate the demand for hospice care while curbing projected Medicare expenditures for hospice in a more predictable manner. According to CBO March 2009 estimates, hospice expenditures are expected to total \$169.2 billion from FY 2010–2019. We estimate this approach would reduce those expenditures by \$9.6 billion, thus achieving a savings target we understand to be similar to what is proposed in the Chairman’s Mark of America’s Healthy Future Act. However, the mechanism contemplated by the hospice proposal for reaching that target is significantly more manageable for the hospice community.

The hospice community supports this approach. Accordingly, the National Hospice and Palliative Care Organization and its advocacy affiliate, the Alliance for Care at the End of Life, urge the Finance Committee to support the alternative presented herein to ensure quality hospice care.

Chairman Baucus and Ranking Member Grassley, I appreciate the seriousness and enormity of the task before you, and the many challenges associated with the expansion of health care to all Americans. Your efforts to secure a bi-partisan solution are truly admirable. As you move forward in this process, I hope that you will stay true to your common, historical commitment to dying Americans who choose to spend their final moments in the place that they call home, surrounded by loved ones and free of pain.

If I can be of assistance to you on this and future end-of-life care issues, please do not hesitate to call on me.

Warmest Regards,



J. Donald Schumacher, PsyD  
President/CEO  
National Hospice and Palliative Care Organization  
Alliance for Care at the End of Life

cc: Senate Finance Committee