

The Honorable Harry Reid
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Max Baucus
511 Hart Senate Office Building
Washington, DC 20510

The Honorable Christopher Dodd
448 Russell Building
Washington, DC 20510

Dear Senators Reid, Baucus and Dodd:

We, the undersigned, respectfully request that the hospice community be granted relief from all or part of the two rate cuts contained in the draft Senate health reform package. The first would apply a productivity factor cut to the hospice community, along with a number of other health care providers. The second would impose a 0.5 percent cut in the annual market basket updates that the hospice community receives.

We firmly believe that these rate cuts will seriously jeopardize the financial viability of the hospice community, especially in rural areas. This dire circumstance arises because the new cuts, contemplated in the Senate health reform draft, come on top of a regulatory rate cut that went into effect on October 1st of this year. The regulatory cut already being absorbed by the hospice community phases out the budget neutrality adjustment factor (BNAF) used in the computation of the hospice wage index, which results in a cut of hospice Medicare reimbursement by 4.2 percent. While the BNAF impact is spread over a number of years, the end result is the same. Hospices all across the nation are already beginning to suffer the impact of a 4.2 percent cut in their reimbursement rates.

Beyond the BNAF cut that hospices have to manage, we also urge you to consider:

- According to nationally validated surveys, more than 98% of families served by a hospice program would recommend those services for another loved one at the end of life.
- Based on an independent published study out of Duke University, funded by the Robert Wood Johnson Foundation, hospice care saves Medicare, on average, more than \$2,300 per patient.
- According to the Medicare Payment Advisory Commission (MedPAC), the hospice community has average “margins” of only 3.4 percent, which is before the impact of the BNAF rate cut that hospices are currently struggling to absorb.

Should elimination of the cuts not be possible, we join the hospice community in supporting one possible alternative to the hospice productivity and 0.5 percent market basket cuts that Senator Wyden has put forward. This proposed alternative (the “pay-for”) would be to limit overall hospice spending growth, beginning 2014, to the Medical CPI. CBO has yet to finalize a “score” for this alternative, but we think it provides a viable approach that should be given serious consideration.

We hope relief from the overwhelming cuts facing hospice will be included in the Senate bill in place of the hospice productivity factor and market basket cuts.

Thank you for your consideration.

Sincerely,