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CENTERS FOR MEDICARE & MEDICAID SERVICES
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To: All Part D Plan Sponsors and Medicare Hospice Providers

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Subject: Update on Part D Payment Responsibility for Drugs for Beneficiaries Enrolled in Medicare Hospice

In March 2016, the Department of Health & Human Services Office of the Inspector General (OIG) released a report identifying instances in which hospices inappropriately billed Medicare for general inpatient care[1]. The report, which analyzed 2012 claims, also found that some drugs were paid for by Medicare Part D, when in many cases they should have been covered under the Part A hospice daily payment rate. The OIG noted that guidance released by the Centers for Medicare & Medicaid Services (CMS) in 2014 outlined a process for Part D sponsors to use in order to verify payment responsibility for drugs in four categories (analgesic, anti-nausea, laxative, or anti-anxiety drugs) because they are commonly used in hospice care, and hospices are expected to provide them. However, the 2016 OIG report noted that not all of the drugs paid for by Part D were in the four categories. We are sharing a summary of some recent analysis of Part D claims data for beneficiaries enrolled in hospice with stakeholders (see Appendix), and are also taking this opportunity to reinforce guidance relative to Part D payments for drugs for beneficiaries enrolled in the Medicare hospice benefit.

For a prescription drug to be covered under Part D for an individual enrolled in hospice, the drug must be for treatment unrelated to the terminal illness or related conditions. In July 2014, CMS strongly encouraged Part D sponsors to place Prior Authorization (PA) requirements on their members known to be in hospice for the four categories of prescription drugs referenced above (memorandum dated July 18, 2014). To accommodate situations where drugs in the four categories were being used by hospice enrollees but the use was unrelated to the beneficiary's terminal illness or related conditions, CMS circulated a form (Hospice Information for Medicare Part D Plans; OMB 0938-1269) to be used to facilitate coordination between Part D sponsors, hospices and prescribers[2].

CMS' recent analyses of Part D prescription drug event (PDE) data and stakeholder complaints suggest that the current PA process has reduced Part D program payments for drugs in the four targeted categories (see Appendix Chart A). The percentage of beneficiaries enrolled in hospice who received medications in these categories through Part D plans in 2016 was seventy five percent less than in 2013, without a negative effect on beneficiary satisfaction. Fills per beneficiary also declined during this time frame. We want to thank the industry for implementing the guidance and coordinating coverage of hospice-related drugs so effectively for end-of-life Medicare enrollees.

[1] Office of the Inspector General, Department of Health and Human Services. Hospices Inappropriately Billed Medicare Over $250 Million for General Inpatient Care, OEI-02-10-00491

[2] Accessible at https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Instruction-and-Form-for-Hospice-and-Medicare-Part-D.pdf

Nevertheless, further improvement of coordination between hospices and Part D sponsors is needed, particularly in the following two areas:

Notification of Hospice Eligibility - CMS continues to receive reports of hospice providers failing to respond to outreach from Part D sponsors seeking recovery for claims in the four categories. Coordination of benefits is required when there is a delay in Part D sponsor notification of a beneficiary's hospice election and the Part D plan paid for a hospice drug claim before knowing that hospice coverage was in effect on that date of service.

Hospice organizations submit Notices of Hospice Election to CMS within 5 days. However, there is a lag between when the beneficiary elects the benefit and when the Part D sponsor can see that election in the Medicare Advantage Prescription Drug (MARx) system. Therefore, CMS is once again encouraging hospice providers to use the first page of the previously-mentioned standardized form (Information for Medicare Part D Plans; OMB 0938-1269) to immediately notify Part D sponsors of the election. In order to prevent inappropriate payment of drugs by Part D sponsors, the form should be faxed to the Part D sponsor as soon as possible. Part D sponsors should use all information included on the form to properly administer the benefit.

In the event that the Part D sponsor paid for drugs prior to receiving notification of hospice election, the hospice should work with the Part D sponsor, and if the drug is the hospice's liability the sponsors and hospices should coordinate timely repayment. To that end, CMS has posted hospice contact information for use by Part D sponsors[3] during this process. CMS continues to focus on improving the accuracy of this information and will update the posting as new information is received. Issues related to the accuracy of the contact information or responsiveness of hospice providers should be sent to PartD_COB@cms.hhs.gov. Concerns about fraud, waste or abuse may be referred to your local Medicare Drug Integrity Contractor (MEDIC).

Use of Maintenance Drugs - Hospice care typically includes services necessary for the palliation and management of the terminal illness and related conditions. As such, there may be some medications which were used prior to the hospice election that will continue as part of the hospice plan of care. After a hospice election many maintenance drugs or drugs used to treat or cure a condition are typically discontinued as the focus of care shifts to palliation and comfort measures. However, there are maintenance drugs that are appropriate to continue as they may offer symptom relief for the palliation and management of the terminal prognosis.

Data show increases each year between 2014 and 2016 in the number of beneficiaries enrolled in hospice filling prescriptions for maintenance drugs under their Part D benefit (see Appendix, Chart B). In addition, the number of medication fills per beneficiary for these drugs increased between 2014 and 2016. All of these medications represent additional costs to both beneficiaries as well as to the Part D program. We are concerned with this trend and will continue to closely monitor these claims and related expenses.

We believe that both of these areas potentially represent a lack of coordination between hospices and Part D sponsors, which ultimately affects the quality of care rendered to an especially vulnerable population. CMS is performing more detailed analysis to determine how maintenance drugs are being incorporated into hospice beneficiaries' individual care plans and why all necessary drugs are not being coordinated and paid for by hospice organizations. We intend to explore how we can incorporate care coordination factors into hospice organizations' quality measures. We welcome feedback on the current approach to coordinating prescription drugs for beneficiaries enrolled in hospice, as well as suggestions for improving the process going forward. Feedback and suggestions can be submitted to PartD_COB@cms.hhs.gov.

[3] Available at https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Provider-of-Services/POS2015.html

APPENDIX

SUMMARY OF PRESCRIPTION DRUG EVENT (PDE) DATA FOR BENEFICARIES (BENES) ENROLLED IN MEDICARE HOSPICE

The following tables summarize detailed analysis of Medicare Part D (Part D) drug utilization and payments for hospice beneficiaries. The purpose was to assess the impact of Part D policies on medication use for beneficiaries enrolled in hospice. The base population examined were beneficiaries enrolled in both Part D and in hospice for May of 2013, 2014, 2015 and 2016; May was selected as the month of study since this was the effective date of the clarified guidance which originally required beneficiary-level PAs on all Part D beneficiaries enrolled in hospice. In July 2014, CMS released a memo directing Part D plans to have enrollee-specific PAs in place for only drugs in four categories. Plans were expected to implement this change no later than October 1, 2014. Analysis included PDE data processed through September of each respective year.

A. Part D Utilization for Drugs in Four (4) Categories[4]

Year	Percentage of Hospice BENEs with Part D Utilization In 4 Categories	Total Fills for Hospice BENEs	Monthly Total Gross Drug Costs (GDC)	Fills per Hospice BENEs (Number of Fills Divided by All Part D BENEs in Hospice)	Fills per Utilizing BENEs (Number of Fills Divided by Part D BENEs who Used One or More Drug in 4 Categories)
2013	15.8%	40,617	$1,525,006	0.26	1.63
2014	7.6%	17,508	$738,518	0.11	1.46
2015	4.8%	11,157	$554,762	0.07	1.41
2016	3.6%	8,665	$560,123	0.05	1.38

B. Part D Utilization of Maintenance Drugs[5]

Year	Percentage of Hospice BENEs with Part D Utilization of Maintenance Drugs	Total Fills for Hospice BENEs	Monthly Total Gross Drug Costs (GDC)	Fills per Hospice BENEs (Number of Fills Divided by All Part D BENEs in Hospice)	Fills per Utilizing BENEs (Number of Fills Divided by Part D BENEs who Used One or More Maintenance Drugs)
2013	71.3%	463,995	$24,701,345	2.94	4.12
2014	50.8%	256,856	$14,987,261	1.64	3.22
2015	62.1%	361,392	$22,433,901	2.19	3.52
2016	62.7%	391,821	$24,115,099	2.27	3.63

The data suggest that utilization patterns are sensitive to the PA process. In 2014 when PA was instituted for all beneficiaries enrolled in hospice, utilization was reduced for both drugs in and outside of the four categories (Chart A and B). Chart B shows steady increases in all utilization measures after 2014 when PA for drugs not in the four categories was lifted.

[4] Descriptive statistics provided: Percent of benes in hospice with Part D utilization (Part D benes hospice with a Part D drug claim/Total Part D benes in hospice setting). Gross drug costs (ingredient costs + dispensing fees + sales tax + vaccine administration fees). Number of fills (one PDE = one fill). The analysis included PDE data processed through September of each respective year.

[5] Analysis restricted to Part D covered claims for maintenance NDCs as identified by Medi-Span's Master Drug Data Base.