

1**CMS-1286-P-1 Hospice Wage Index for FY 2006****Submitter :** Mrs. Linda Royal**Date & Time:** 05/24/2005**Organization :** Carilion Hospice Services**Category :** Hospice**Issue Areas/Comments****GENERAL**

GENERAL

The proposed Hospice Wage Index for 2006 is very dismal for our four non profit hospice programs. Access to care will be affected in our areas. We operate licensed, certified programs in Bedford, Rocky Mount, Roanoke, and Radford Virginia serving the surrounding counties from those cities. All four of our programs show significant decreases in the wage index from 2005. 12% less for Bedford, 1.19% less in Franklin County, 6.64% less in Radford, and 3.49% less in Roanoke. This negative impact on the probable reimbursement rates occurs while hospices face higher expenses than ever for mileage reimbursement, benefits, salaries for staff, pharmacy and supplies inflation of 5-15%. How can hospices continue to exist under such conditions? If we have patients on IV therapy for pain management, or who take radiation therapy for pain management, etc. we are in the red with our finances on that case from day one. With this proposed index and the impact it will have on reimbursement, many of the small rural hospices in Virginia will probably have to close their doors. ACCESS TO HOSPICE will be greatly affected by this proposed wage index.

Please consider changing the index/rates, or phasing in the decrease over time.

Consider our clients. They are dying. They cannot work. They want to stay home. Even though staying home costs Medicare and Medicaid and private insurances less, patients won't be able to stay home to receive end of life care because there won't be a hospice program in their town.

A hospice cannot provide the expected level of care, attract experienced, well qualified staff, and meet its budget if the reimbursement goes down in spite of rising expenses.

Thank you. Linda Mercer Royal, Director, Carilion Hospice Services  
Roanoke, Bedford, Rocky Mount, and Radford, Virginia

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(37)

June 9, 2005

Mark McClellan, Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Attention: CMS-1286-P  
P.O. Box 8012  
Baltimore, MD 21244-8012

File Code: CMS-1286-P

**RE: Implementation of Revised Labor Market Designations**

Dear Dr. McClellan:

I am writing in response to the Centers for Medicare & Medicaid Services (CMS) proposed rule entitled *Medicare Program; Proposed Hospice Wage Index for Fiscal Year 2006; Proposed Rule*, 70 Fed. Reg. 82 (April 29, 2005). Although I appreciate your staff's work on this prospective payment system, particularly given the competing demands on the agency, I have grave concerns about the rule's impact on Hospice Care Plus (HCP) in Berea, Kentucky.

Unfortunately, the impact of this rule is to drop Madison County from the Lexington - Fayette Metropolitan Statistical Area wage index - a change that will have a devastating affect on beneficiaries' access to hospice care in the 6-county region HCP serves. As a result of the new rural designation, the hospice will receive the rural wage index - a nearly 11 percent drop, eliminating a tremendous amount of income that helps HCP provide quality end-of-life care.

There is ample evidence to suggest that Madison County is a part of the Lexington community, and I ask you to use your administrative authority to ensure that it is treated as part of the MSA when you finalize the regulation later this summer. Absent reconsideration of this proposed rule and without restoration of these funds, our community may lose access to important medical services.

Thank you for your time and consideration on this very important matter.

Sincerely,



Regina Rowland, CCS-P

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**CMS-1286-P-2      Hospice Wage Index for FY 2006**

**Submitter :** Ms. Shawn Ellingson

**Date & Time:** 06/16/2005

**Organization :** Lakeland Hospice

**Category :** Hospice

**Issue Areas/Comments**

**GENERAL**

GENERAL

I am the administrator of a small rural non-profit hospice in the middle of Minnesota. I am very disappointed with the recent wage index. My employees are phenomenal people, each one understands that working at hospice means that they could probably make more money doing something else, but they all make ends meet somehow and continue to give 110 percent of themselves. It breaks my heart to think about telling them that they will not get a raise this year.

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(9)**CMS-1286-P-3 Hospice Wage Index for FY 2006****Submitter :** Ms. Margaret Rudnik**Date & Time:** 06/17/2005**Organization :** Palliative CareCenter**Category :** Hospice**Issue Areas/Comments****GENERAL**

GENERAL

Centers for Medicare and Medicaid Services  
 Department of Health and Human Services  
 Attention: CMS-1286-P  
 P.O. Box 8012  
 Baltimore, MD 21244-8012

Re: Annual Update to the Hospice Wage Index

Dear Sirs:

This letter is in response to the recently published proposed rules regarding hospice wage index.

Palliative CareCenter and Hospice of the North Shore (PCCHNS) in Illinois has provided hospice care to Lake County residents since 1990. This proposed rule separates Lake County from the remaining Chicagoland counties and reassigns it to Kenosha, Wisconsin. The affect is an overall reduction in reimbursement for hospice care of five percent. As a result access and quality of hospice care to the resident of Lake County may be severely reduced.

The decision to reassign Lake County to Wisconsin makes little geographic sense in that it is immediately adjacent to Cook County and shares a border equal to or greater than most of the remaining counties. In addition to adjacent territory, Lake County has core populations that reflect a high degree of social and economic integration as evidenced by the following:

? 26% of the Lake County work force works in Cook County,

? Less than 1% of the Lake county work force works in Kenosha County.

? 65,000 residents of Cook County work in Lake county, while only 15,000 Kenosha County resident work in Lake County.

Therefore PCCHNS requests that Lake County, Illinois be assigned to the newly designated CBSA 16974 which includes all Chicago's metropolitan area.

If our request is denied, we would ask that hospice providers be allowed to reclassify the hospice to a neighboring county in an application process similar to the process approved for hospital providers last fiscal year or to have the change phased in over three years.

Thank you for your consideration.

Margaret Rudnik  
Senior Vice President, Corporate Planning  
Palliative CareCenter & Hospice of the North Shore

June 16, 2005  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Attention: CMS-1286-P  
P.O. Box 8012  
Baltimore, MD 21244-8012

Dear Dr. McClellan:

I am writing on behalf of the Visiting Nurse Associations of America in response to the Proposed Rule: Medicare Program; Proposed Hospice Wage Index for Fiscal Year 2006, CMS-1286P. The Visiting Nurse Associations of America represents over 400, non-profit, community-based hospices and home health agencies in the United States.

Implementation of Revised Labor Market Designations

At the outset, we would like to express our appreciation for the ability to comment on this rule because of the dramatic impact it will have on many of our hospices. The wage index impacts each individual wage index area in dramatically different ways. Thus CMS's considering the impact of the wage index redesignations only on various aggregate bases inherently dilutes and masks the impact of these changes on individual hospices. Many of the changes proposed in this rule will result in major reductions in Medicare hospice payment and will have a critical impact on the ability of hospices to continue the level of service they provide to Medicare patients. It is important to note that none of these reductions reflect any reduced costs for hospice labor. They are a statistical artifact of the redistributive effect of changes from MSA to CBSA designations and overall relative changes in hospital wage levels. Thus, reductions in payment driven by wage index reductions cannot be translated realistically into cuts in the pay of hospice nurses and other care staff. The shortage of nursing and other skilled staff require we pay more, not less, to recruit and retain staff in virtually all areas of the country. Therefore, these Medicare wage index cuts must be off-set by reduced services. This will limit access for Medicare beneficiaries and is unsatisfactory from our perspective, and we would trust, from Medicare's perspective as well.

Allow me to point out some of the individual examples of wage index reductions based on MSA to CBSA redesignations alone. New York, NY drops more than 3%, counties in Worcester-Lawrence-Lowell-Brocton MA-NH drop between 4% and 11%, counties in Ann Arbor, MI drop 7 to 12%. If you combine the impact of both CBSA change and "normal" annual wage index changes, there are drops from 2.48% to 17.69 % in Easton, PA-NJ counties, drops of 4.15% in Burlington, VT, a drop of 5.37% in Elkhart-Goshen, IN. Thus, the disaggregated impacts of this rule are very large in many areas.

We strongly urge that the wage index reductions in this rule be mitigated by a phase-in of reduced rates over at least a 3 year period. This assistance was afforded to hospitals during their CBSA conversion and an equal or greater need exists for hospices. Because hospices are much more dependent on Medicare revenue as a percentage of their overall income than hospitals, we believe that a minimum 3-year phase-in of wage index reductions is required to assure provider stability and thus beneficiary access. This will allow rates that are being reduced to fall at a more manageable rate of change allowing time for hospices to adjust operations more gradually. The phased implementation will also allow any annual wage index changes in the upward direction to further off-set the effect of this one-time reduction based on MSA redesignations. This phase-in approach simply reduces the trajectory of the decline due to redesignation, but will ultimately allow the index to hit the level dictated by the data, and thus not permanently distort the wage index.

Administrative Office  
99 Summer Street, Suite 1700  
Boston, MA 02110  
617-737-3200  
1-888-866-8773  
617-737-1144 (fax)  
www.vnaa.org

Washington Government  
Affairs Office  
8403 Colesville Road, Suite 1550  
Silver Spring, MD 20910  
240-485-1858  
240-485-1818 (fax)  
www.vnaa.org

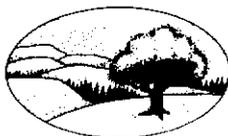
CMS notes that regulations at 418.306(c) would "...not seem to permit us to establish a transition to the new CBSA designations." We believe these regulations in no way preclude CMS from a phase-in to spread the negative impact of the new areas over a period of time. Were CMS constrained by law to fully adopt wage index redesignations CMS could not have legally delayed redesignations until now. Moreover, even were the current Medicare regulations correctly interpreted as foreclosing the possibility of transition (which we do not believe to be the case), there is no reason why that section of the regulations cannot be modified, based on responses to public comment in this proposed rule. We would certainly interpret the rule's specific citation of section 418.306(c) as opening that section to potential change based on public comment. In that regard we would specifically propose that the subject regulation be modified to require a phase-in of wage index reductions whenever MSA areas are redesignated.

Thank you for the opportunity to comment on this proposed rule. We would welcome the opportunity to clarify our comments in person, should you wish. You may address any questions you have regarding these comments to Bob Wardwell at our Washington Office at 240-485-1855

Sincerely,

A handwritten signature in cursive script, appearing to read "Carolyn Markey".

Carolyn Markey,  
President and CEO



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## Hospice of the Foothills

(A Nonprofit Organization)

12399 Nevada City Hwy . Grass Valley CA 95945 . Tel 530-272-5739 . Fax 530-272-5765 . Email hospice@hfofo.org

June 8, 2005

Centers for Medicare & Medicaid Services  
Department of Health & Human Services  
ATTN: CMS-1286-P  
P. O. Box 8012  
Baltimore, MD 21244-8012

Dear Sir or Madam:

I am writing to request your assistance. Hospice of the Foothills has been serving the residents of Western Nevada County since 1979, and last year alone we served over 350 patients who were terminally ill, and over 200 people in our bereavement program. In 1994 we became Medicare certified and State licensed. Medicare is our primary source of reimbursement, although we enjoy tremendous community support that helps us fill the gap between our program income and expense.

According to Federal regulation, our Medicare reimbursement rate is based on the wage index rate of the local hospital. In Western Nevada County there is only one hospital, Sierra Nevada Memorial, on which to base the hospice Medicare reimbursement rate. A number of years ago, Sierra Nevada Hospital requested and was granted an exclusion to the wage index that resulted in a higher reimbursement rate for the hospital. Although our Medicare reimbursement rate is based on the same wage index rate as our local hospital, we were not included in the exclusion granted to the hospital. As a result, we receive Medicare reimbursement that is approximately twenty percent less than it would be if we had been included in this exclusion. Needless to say, this puts us at a disadvantage in a number of ways. Other hospices in our region (i.e., Placerville and Truckee) fall under the higher rate and we are forced to provide the same services in basically the same service area with approximately twenty percent less reimbursement from Medicare.

I am requesting your office to look into this and hopefully rectify the situation so that we may receive Medicare reimbursement commensurate with the wage index rate for our area. If I can be of any assistance in this investigation, please don't hesitate to have your staff contact me. Thank you very much for your attention to this matter.

Sincerely,

Dennis Fournier  
Executive Director

DF:bvs

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Center for Medicare & Medicaid Services  
 Department of Health & Human Services  
 Attention: CMS-1286-P  
 PO Box 8012  
 Baltimore, MD 21244-8012

Dear Sir/Madam:

Thank you for this opportunity to comment on the Medicare Program: Proposed Hospice Wage Index for FY 06 (CMS File Code 1286-P) which appeared in the Federal Register on April 29, 2005.

The financial impact of the FY 06 proposed wage indices on Massachusetts hospice programs will vary considerably from a -5.29% decrease from the FY 05 rate to a + 4.56 % increase. For the “losers”, there will be large reductions in Medicare payments estimated between \$250,000 and \$650,000 per program, losses that hospice programs can ill afford to sustain. These wide swings in anticipated revenue make for financial instability and may negatively affect the ability of hospices to provide care.

Beyond the loss of revenue, there are two other negative effects to be considered:

- 1) A hospice program’s ability to compete in the labor market may be seriously impacted as the wage index of the CBSAs may have very little relationship to the actual cost of labor in that area. In an era of nursing shortages and mandated staffing ratios in hospitals, hospice programs will be competing with hospitals for staff which will put the hospice programs at a disadvantage. The goal of hospice care is to keep the patient at home, thus providing a cost savings to the Medicare system. If the inequity of the pay continues, hospices will be unable to recruit nurses and may have to deny admissions to some beneficiaries for lack of staffing. It is likely that these beneficiaries may then be placed in a hospital or other facility, a far more expensive alternative with far less quality at the end of life.
  
- 3) Because reimbursement is calculated according to the residence of the patient, a hospice may redirect its marketing efforts to patients living in a county with a more favorable wage index, having the unintended consequences of discriminating against patients in locations with less favorable CBSAs. In other words, the lack of parity among wage indices in contiguous areas could create better access for some patients and more limited access for others.

Perhaps the most obvious problem was created when the Boston Metropolitan Statistical Area (MSA) was reconfigured and the area was divided into four CBSAs, (Boston/Quincy, Middlesex, Norfolk, Essex, and Worcester). Hospices who serve patient populations concentrated in a CBSA with a lower wage index will be at a disadvantage financially. For example, a hospice in Essex County, where the wage index is -5.29% from last year, and who almost exclusively cares for Essex County patients, will sustain a large Medicare reduction in payments. However, this same Essex County hospice competes in the same labor market as Boston where there is a 4.56% increase in the wage index. Nurses, at a premium to begin with, can easily bypass Essex County to get jobs with higher salaries in Boston.

A second example occurs on Cape Cod, a relatively isolated part of the state, where hospice programs will sustain a -5.00% decrease in its wage index. In neighboring Plymouth County, there is a 4.56% increase. A hospice program on Cape Cod serves that unique geographic area almost exclusively and so receives the lower Medicare payment for patients while the program must attract nurses from the neighboring county where salaries are much higher. In both these cases, unfair competition for nurses can lead to staffing vacancies and diminish a hospice program's ability to care more patients.

To provide for a smoother transition and more equitable treatment of affected hospices we recommend the following:

- 1) For hospices with decreases of more than 2% in their wage index, provide an opportunity for a phased-in or blended rate over the next 2-3 years. For example, establish a blend of 50-50 old/new rate or, in Year One 67% old, 33% new and in Year Two 33% old, 67% new. This would soften the effect of the wage index differences and be equal to what CMS did for with hospitals last year.
- 2) Automatically reclassify the hospital to the wage index of the local hospital. If the hospitals in the CBSA have been reclassified to different wage indices, then it would be the average of them.

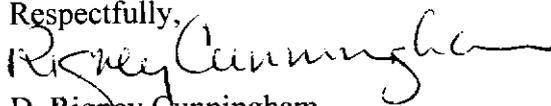
OR

Establish a mechanism for a hospice program to appeal its wage index classification and select another area within the State or, at the discretion of the Secretary, within a contiguous State to which to be reclassified. This would provide parity for hospice programs equal to what is allowable for hospitals.

Needless to say, given the volatile environment for some hospices created by the FY 06 proposed wage indices, it is critical that CMS stabilize the financial foundation of hospices by establishing fair and reasonable FY 06 Medicare hospice base rates that recognize the many changes in care that are regularly occurring

We appreciate the opportunity to offer these comments on *Medicare Program: Wage Index Program FY 06* and hope you will give consideration to our interest in minimizing the adverse affect they will have on some Massachusetts hospice programs and their capacity to provide care to terminally ill patient and their families.

Respectfully,



D. Rigney Cunningham  
Executive Director

Hospice & Palliative Care Federation of Massachusetts