

July 12, 2022

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Leader Schumer, Leader McConnell, Speaker Pelosi, and Leader McCarthy:

On behalf of the undersigned organizations representing a broad coalition of the hospice and palliative care community, we write today to urge Congress to **protect access to high quality hospice care for Medicare beneficiaries** by calling on the Centers for Medicare & Medicaid Services (CMS) to make changes to the proposed payment rate increase for Fiscal Year 2023 (FY23) to provide a more sufficient rate that reflects the unprecedented demands and costs that hospice providers and programs are facing across the country.

In April, CMS released its FY23 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements proposed rule, which proposes updates to the hospice wage index, payment rates, and aggregate cap amount for the coming fiscal year. For the hospice payment update percentage, CMS is proposing an increase of 2.7 percent from FY2022.

Hospices, like all health care providers, have been stretched thin over the last two years. They have faced unrelenting workforce shortages and high staff turnover during a time when more labor has been urgently needed. Data from the Bureau of Labor Statistics (BLS) indicates compensation costs for the health care and social assistance industry increased approximately 4.4 percent for the 12-month period ending in December 2021.ⁱ While the BLS data is for *all* health care and social assistance programs, hospice providers have also reported significant wage increases to address competition for health care workers. A 2021-2022 survey of hospices found that wages and salaries for hospice professionals have increased between 3 and 6 percent during the pandemic.ⁱⁱ

Additionally, the Consumer Price Index for All Urban Consumers (CPI-U) increased 8.5 percent year-over-year in March 2022 – the highest annual rate of inflation seen in the United States since December 1981.ⁱⁱⁱ This in addition to continued COVID-19-related expenses (i.e., personal protective equipment and testing), Medicare sequestration, and lowered revenues have all added to severe financial pressure on hospices. The calculation used by CMS to determine its proposed 2.7 percent increase is based upon cost reports from 2019, which do not reflect the inflationary spike or the current health care environment. This proposal fails to thoughtfully consider the burdens and heightened costs providers are facing in order to continue doing business and provide high quality hospice care to their patients. When all of the aforementioned factors are taken into consideration, hospice providers are effectively facing a significant rate cut.

The proposed rule also notes that CMS is statutorily required to use the hospital market basket update in hospice rate setting. However, if the agency is considering other alternatives to the hospital rate update

that would take into consideration costs and challenges due to the COVID-19 pandemic and inflation, then we recommend this same approach be applied to hospice rates.

CMS is asking hospices to do more with less. Medicare covers the overwhelming majority of hospice patients; about 90 percent of hospice patient days were paid by Medicare in 2020.^{iv} It is wholly unfair to ask hospice providers to shoulder the burden of increased costs, while knowingly reducing their predominant source of payment during a time of severe financial pressure. **This proposal ultimately jeopardizes the ability of hospices to continue providing access to appropriate, high quality care to all Americans who need it.**

Congress should urge CMS to reconsider their proposed rate increase and provide adequate payment to hospice providers, otherwise hospices around the country may be forced to close and Americans will lose access to necessary care at the end of life.

Thank you for your attention to this important matter. We look forward to working with you to ensure continued access to high quality hospice care for Medicare beneficiaries.

Sincerely,

National Hospice and Palliative Care Organization (NHPCO)
Hospice Action Network
(other supporting organizations listed here alphabetically)

American Academy of Hospice and Palliative Medicine
Association of Professional Chaplains
Health Care Chaplaincy Network
Hospice and Palliative Nurses Association
National Association for Homecare & Hospice (NAHC)
NAHC Forum of State Associations
NHPCO Council of States
National Palliative Care Research Center
National Partnership for Healthcare and Hospice Innovation
Physician Assistants in Hospice and Palliative Medicine
Society of Pain and Palliative Care Pharmacists
Social Work Hospice and Palliative Care Network

ⁱ U.S. Bureau of Labor Statistics. Economic News Release – Table 1. Seasonally adjusted: Employment Cost Index for total compensation, by ownership, occupational group, and industry. January 28, 2022. Accessed from <https://www.bls.gov/news.release/eci.t01.htm> on June 3, 2022.

ⁱⁱ Hospital & Healthcare Compensation Service and the National Association of Home Care & Hospice, “2021-2022 Hospice Salary & Benefits Report,” November 2021.

ⁱⁱⁱ U.S. Bureau of Labor Statistics. Consumer Price Index – March 2022. April 12, 2022. Accessed from <https://www.bls.gov/news.release/pdf/cpi.pdf> on June 3, 2022.

^{iv} Medicare Payment Advisory Commission, “Report to the Congress: Medicare Payment Policy,” March 2022. Accessed from https://www.medpac.gov/wp-content/uploads/2022/03/Mar22_MedPAC_ReportToCongress_SEC.pdf on June 3, 2022.