

Policy options to modify the hospice aggregate cap

ISSUE: When the Medicare hospice benefit was created, Congress established an aggregate cap that limits the total Medicare payments that an individual hospice can receive in a year. If a hospice's total Medicare payments exceed its total number of Medicare beneficiaries served multiplied by the cap amount, it must repay the excess to the program. Effectively, the cap functions as a mechanism to reduce payments to providers that have a mix of patients with disproportionately long stays that tend to be very profitable.

KEY POINTS: This session will explore policy options to modify the hospice aggregate cap to make it more equitable across providers and to reduce overall payments to providers with very long stays and high margins.

ACTION: Commissioners will review and discuss the material.