

Assessing payment adequacy and updating payments:  
Ambulatory surgical center services  
Outpatient dialysis services  
Hospice services

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# Assessing payment adequacy and updating payments: Ambulatory surgical center services

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# Overview of ambulatory surgical centers (ASCs) in 2020

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Medicare FFS  
payments:  
\$4.9 billion

Beneficiaries:  
3.0 million  
served

Number of  
ASCs:  
~ 5,900

Current law  
update:  
2.0% in 2022

Data preliminary and subject to change.

# PHE affected ASC payment adequacy measures; they remained generally positive

Beneficiaries' access to care	ASCs' access to capital	Quality of care	Medicare payments, ASCs' costs
<ul style="list-style-type: none"><li>• Number of ASCs rose 2.0%</li><li>• Volume per beneficiary declined 13.6%</li><li>• Volume rebounded strongly after large drop in Spring 2020</li></ul>	<ul style="list-style-type: none"><li>• Number of ASCs increased</li><li>• Corporate entities continued to acquire ASCs</li></ul>	<ul style="list-style-type: none"><li>• Quality measures unchanged</li><li>• CMS should add claims-based outcome measures</li></ul>	<ul style="list-style-type: none"><li>• Aggregate payments dropped slightly after years of increases</li><li>• Payments per user rose 10.2%</li><li>• ASCs do not submit cost data; should be able to do so</li></ul>

# Assessing payment adequacy and updating payments: Outpatient dialysis services

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# Overview of outpatient dialysis services, 2020

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- Outpatient dialysis services used to treat individuals with end-stage renal disease (ESRD)
- FFS beneficiaries: About 384,000
- Providers: About 7,800 dialysis facilities
- Medicare FFS dialysis spending: \$12.3 billion

Source: MedPAC analysis of 100 percent claims submitted to dialysis facilities to CMS and CMS's Dialysis Compare files.  
Data are preliminary and subject to change.

# Summary: Outpatient dialysis payment adequacy indicators generally positive

## Beneficiaries' access to care

- Growth in provider supply and capacity
- Decline in dialysis beneficiaries and treatments related to the PHE
- Positive Medicare marginal profit (20%)

## Quality of care

- Increase in home dialysis use
- Decline in all-cause admissions and ED use and increase in mortality related to PHE

## Access to capital

- Continued entry of for-profits
- Sector viewed favorably by investors
- All-payer total margin: 16%

## Medicare payments and providers' costs

- 2020 aggregate Medicare margin: 2.7%
- 2022 projected aggregate Medicare margin: 1.8%

PHE (Public Health Emergency). 2020 all payer margin and aggregate Medicare margin do not reflect PHE funds. Data are preliminary and subject to change.

# Assessing payment adequacy and updating payments: Hospice services

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# Frontier hospice use

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- Although hospice use in frontier areas and rural areas is less than urban areas, it has grown at a similar or higher rate than urban areas since 2010
- Frontier beneficiary hospice use in 2020:
  - 23,200 frontier beneficiaries died
  - 7,700 frontier decedents used hospice (33.3 percent)
  - An additional 3,600 frontier decedents would have used hospice if use rate was same as urban decedents (48.8 percent)
- Many factors influence hospice use (e.g., patient preferences, disease type/progression, provider preferences and referrals)
  - Unclear how much these factors versus access factors account for lower frontier hospice use
  - We will continue to monitor hospice use in frontier and rural areas

# Overview of Medicare hospice, 2020

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- Hospice use:
  - Over 1.7 million beneficiaries
  - Nearly half of decedents
- Providers: Over 5,000
- Medicare payments: \$22.4 billion

# Summary: Hospice payment adequacy indicators generally positive

Beneficiaries' access to care	Quality of care	Hospices' access to capital	Medicare payments and hospices' costs
<ul style="list-style-type: none"> <li>• Increase in provider supply</li> <li>• Increase in number of users, ALOS</li> <li>• Decrease in in-person visits related to PHE</li> <li>• 2019 Medicare marginal profit (17%)</li> </ul>	<ul style="list-style-type: none"> <li>• 2020 quality difficult to assess</li> <li>• 2019 stable or improving</li> </ul>	<ul style="list-style-type: none"> <li>• Continued entry of for-profits</li> <li>• Sector viewed favorably by investors</li> <li>• Provider-based have access via parent provider</li> </ul>	<ul style="list-style-type: none"> <li>• 2019 aggregate Medicare margin: 13.4%</li> <li>• 2022 projected aggregate Medicare margin: 13%</li> </ul>

# Hospice aggregate cap

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- Cap limits aggregate payments a hospice provider can receive annually (\$31,298 in FY 2022 irrespective of geography)
- Hospices that exceed the cap have long lengths of stay and high margins
  - In 2019, about 19% of hospices exceeded the cap. Their Medicare aggregate margin was 22.5% before and 10% after return of cap overage.
- In lieu of an across-the-board payment reduction, in March 2020 and 2021 the Commission recommended the cap be wage adjusted and reduced 20%
  - Would make cap more equitable across providers and focus payment reductions on providers with high margins and longest stays

# Lack of data on hospice telehealth visits during the public health emergency (PHE)

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- CMS has permitted hospice telehealth visits during the PHE under certain circumstances
- Different from in-person visits, hospices are not required to report telehealth visits on Medicare claims (except for social worker calls)
- Lack of data impairs our ability to understand the extent to which telehealth visits were furnished during PHE
- Requiring hospices to report telehealth visits would increase the program's ability to monitor beneficiary access to care during the PHE