Medicare Is Often Overbilled by Hospices, and Pays Twice for Some Drugs

By ROBERT PEAR

WASHINGTON — Hospices often bill Medicare for a higher level of care than patients need, and Medicare often pays twice for the prescription drugs provided to people who are terminally ill, federal investigators say in a new report. The extra cost to Medicare was put at more than $260 million a year.

“Many hospices have been billing far more than they should have,” said Nancy T. Harrison, a deputy regional inspector general at the Department of Health and Human Services who led the investigation.

The investigators found that Medicare was paying hospices almost four times as much as it should have for some patients. The patients were receiving “inpatient care” when all they needed was less-expensive routine care in their homes, the report said.

Medicare now pays hospices an all-inclusive rate of $720 a day for inpatient care and no more than $187 a day for routine home care.

Most hospice care is provided to Medicare beneficiaries in their homes. But if their pain or symptoms become too difficult to manage at home, they can be admitted to a hospital, nursing home or hospice inpatient unit.

The department’s inspector general, Daniel R. Levinson, found that hospices were billing Medicare for a higher, more expensive level of care than patients needed in about a third of such cases.

In response to the report, Andrew M. Slavitt, the top Medicare official, said he was stepping up supervision of hospices because he was concerned about “care being billed for but not provided, long lengths of stay and beneficiaries receiving unnecessary care.”

Medicare’s hospice benefit covers a combination of medical, social and counseling services, as well as prescription drugs, for people with a life expectancy of six months or less. It emphasizes the alleviation of pain and suffering rather than the cure of illness. Hospice patients generally forgo Medicare coverage for curative treatment of the terminal illness and related conditions.

In about 20 percent of hospice claims for inpatient care, Mr. Levinson said, the Medicare beneficiary did not need such care at all. In another 10 percent, he said, the patient needed the higher level care for only part of the inpatient stay.

And “in 1 percent of stays,” he said, “there was no evidence that the beneficiary elected hospice care or was even certified as having a terminal illness.”

Commenting on the report, William A. Dombi, a vice president of the National Association for Home Care and Hospice, a trade group, said: “There are no real objective standards to determine when people need inpatient care. Some hospices tend to use it much more than others.”

The standard daily rate, paid to hospices by Medicare, covers the cost of prescription drugs that are used primarily to relieve pain and manage symptoms related to a patient’s terminal illness. But investigators found that some patients also had insurance coverage under Part D of Medicare that paid for the same drugs.

“Medicare is paying twice when Part D pays for drugs that are already covered” by the hospice benefit, the report said. In these cases, it said, beneficiaries may incur extra costs, in co-payments under Part D of Medicare.

In two cases cited by the inspector general, Medicare paid hospices for providing more than seven weeks of inpatient care to people who needed only routine home care.

The findings came two weeks after an influential federal panel, the Medicare Payment Advisory Commission, expressed concern that some hospices were seeking out profitable patients, “some of whom may not meet the eligibility criteria.”

“In 2014,” the commission said in a report to Congress, “Medicare spent nearly $9 billion, more than half of all hospice spending that year, on patients with stays exceeding 180 days.”

Since Medicare pays a daily rate for hospice care, the commission said, “long stays are more profitable than short stays.”

In 2014, it said, the average length of stay was higher among for-profit hospices than among nonprofit hospices: 107 days, compared with 67 days. And for-profit hospices had a higher return on their Medicare business, meaning that their Medicare payments exceeded their costs by a wider margin.

Ms. Harrison, from the inspector general’s office, said, “We found that for-profit hospices were more likely than other hospices to bill inappropriately for general inpatient care.”

Jonathan Keyserling, a senior vice president of the National Hospice and Palliative Care Organization, a nonprofit group that represents providers of hospice care, said, “Any inappropriate behavior or spending is unacceptable and ought to be rectified.” Mr. Keyserling said the group had advised its members to pay strict attention to the requirements for inpatient care.

Of the Medicare beneficiaries who died in 2014, 48 percent used hospice care, up from 23 percent in 2000, according to the Medicare payment commission.

“It’s extraordinarily gratifying to see hospice so widely accepted,” Mr. Keyserling said. “It shows that we are meeting the needs of patients and their families in a holistic fashion.”

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