

HOSPICE PRIORITY: BUDGET NEUTRALITY ADJUSTMENT FACTOR (BNAF)

- ◆ In 2008, President Bush's health budget proposal introduced a new kind of administrative rate cut to the hospice industry. It proposed the elimination of the Budget Neutrality Adjustment Factor (BNAF), a piece of the hospice Medicare reimbursement formula which served to buffer hospices from a 4.6 % rate cut for the nation as a whole, and a 5.7% rate cut for hospice care in the state of Ohio.
- ◆ Despite industry and public uproar, and hundreds of critical comments sent in on the administrative rule, the BNAF elimination went into effect in October of 2008. This cut, disguised as an administrative fix, was done on the sly and without input from legislators, who are the financial stewards of the Medicare program.
- ◆ Thankfully, the American Recovery and Reinvestment Act of 2009 included a one-year moratorium on the elimination of the BNAF from the hospice reimbursement formula. Unfortunately, hospices will be fighting the same battle come October of this year.
- ◆ A recent MedPAC study indicated that, on average, hospices are operating with a slim 3 % profit margin. Elimination of the BNAF would cut national hospice reimbursement by 4.6 %, and Ohio hospice reimbursement by 5.7 % over three years, asking hospices to provide services at a financial loss.
- ◆ A recent study by Duke University indicated that on average, every Medicare beneficiary who chooses hospice care instead of aggressive medical intervention at end of life saves the Medicare program \$2,300.
- ◆ The Dartmouth Atlas Report on chronic care (2008) found that hospices were the only post-acute provider type to significantly reduce hospitalizations in Medicare beneficiaries.
- ◆ When considering any possible cuts to the Medicare hospice benefit, policymakers should be aware that **any cuts to hospice will result in higher costs in other areas**, such as:
 - ◇ aggressive medical interventions,
 - ◇ emergency room visits, and
 - ◇ hospitalizations.

In short, **Medicare cannot afford to cut the hospice benefit.**

◆ **OHPCAN Asks You**

To reign in runaway rulemaking and support legislation which would put a permanent block on the BNAF

OHPCAN is a non-partisan, volunteer network of staff, trustees and volunteers of Ohio's hospice, home and palliative care providers as well as volunteer citizens concerned about hospice, home and palliative care issues. OHPCAN is a project of the Ohio Hospice & Palliative Care Organization. For more information about hospice or hospice advocacy, please contact Susan Wallace, Public Policy Coordinator of Ohio Hospice & Palliative Care Organization and Ohio Home Care Organization at susan@ohpco.org or by calling 1.800.766.9513