

Response to House Ways and Means Committee *Rural and Underserved Communities Health Task Force Request for Information*

INFORMATION REQUESTS (Limit each response to 250 words - Total submissions should not exceed 10 pages, 12 pt font):

1. *What are the main health care-related factors that influence patient outcomes in rural and/or urban underserved areas? Are there additional, systems or factors outside of the health care industry that influence health outcomes within these communities?*

Response:

A key policy issue for hospice providers serving Medicare beneficiaries in rural areas is the structure and outcomes of the hospice wage index. The wage index adjustment to a hospice's Medicare payments has a direct impact on the hospice's ability to compete in the local labor market for the skilled clinical staff (RNs, clinical social workers, and hospice aides) that make up the greatest share of the hospice's direct service costs.

The hospice wage index is used to adjust payment rates for hospice agencies under the Medicare program to reflect local differences in area wage levels, based on the location where services are furnished. For FY 2020, the hospice wage index is based on the FY 2020 hospital pre-floor, pre-reclassified wage index, which means that the hospital wage data used for the hospice wage index are not adjusted to take into account any geographic reclassification of hospitals.

For some rural hospices, the wage index adjustment is not an accurate reflection of the relative costs of skilled clinical staff in the local labor market—it is too low for hospices located in these areas to offer competitive salaries for clinical staff, which in turn limits the access of Medicare beneficiaries in these rural and frontier areas to hospice services.

NPHI urges the Committee to direct the Medicare Payment Advisory Commission (MedPAC) to study and submit a report with recommendations for improving the hospice wage index to increase its accuracy in adjusting for relative labor costs in rural and frontier areas.