

# Palliative Care Reimbursement, Innovation, and Reform

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The term “palliative care” is often used by doctors and other health care professionals during a serious illness or toward the end of life. But what does it mean and how is it reimbursed? The answers are important and not always clear. This article will attempt to clarify what palliative care is, what it is not, and where it can be accessed.

## Palliative Care Defined

Federal regulations define the term palliative care as:

... patient and family-centered care that optimizes quality of life by anticipating, preventing, and treating suffering. Palliative care throughout the continuum of illness involves addressing physical, intellectual, emotional, social, and spiritual needs and to facilitate patient autonomy, access to information, and choice.<sup>1</sup>

Confusion reigns about what palliative care is because the care is also most often defined as what it is not: hospice care. Indeed, the above definition is taken from the Department of Health and Human Services' hospice regulations. But while all hospice is a type of palliative care, not all palliative care is hospice. In other words, palliative care is not limited to those with a prognosis of less than six months who have foregone curative care. While Medicare only pays for palliative care in limited circumstances (as discussed below) the concept of palliative care can and should extend to patient and family-centered care that is delivered at any stage of illness.

## Palliative Care in Action

Medicare only pays for palliative care in limited contexts:

- Through Medicare Part A:
  - if delivered in the hospital;<sup>2</sup>
  - or through hospice when delivered by an interdisciplinary team for a patient who has a prognosis of less than six months to live.
- Through Medicare Part B, if delivered by a physician, nurse practitioner, or physician's assistant, medically necessary, and billed via an appropriate code.<sup>3</sup>

## Reimbursement

Reimbursement of palliative care can be complex. Palliative care is defined broadly, and includes medical and non-medical supports, but palliative care reimbursement is limited to medical care. Other than in the hospice context—

and a few demonstrations and flexibilities listed below—Medicare pays only for palliative medicine, not the full range of palliative care.

### **Innovation and Reform**

There are several ways the delivery system is being reformed (or could be reformed) to provide for greater access to palliative care, particularly in the community.

#### *Existing Flexibilities*

- Palliative Care as a Medicare Advantage Supplemental Benefit. Medicare Managed Care Plans have long enjoyed flexibility to provide supplemental benefits that are not covered by traditional Medicare. In 2019, plans were given expanded authority to provide supplemental benefits that are primarily health related. Most plans now offer some vision or hearing benefits, and some provide additional benefits, including palliative care. Because this is not a traditional Medicare benefit, plans have wide latitude in how they pay for and cover palliative care. This can cause confusion in the market for providers and consumers, but also provides a laboratory of sorts for various approaches.

#### *Innovation Models<sup>4</sup>*

- Medicare Care Choices Model.<sup>5</sup> Beginning in 2015, the Centers for Medicare and Medicaid Services (CMS)—through its Center for Medicare and Medicaid Innovation (CMMI)—began to test a demonstration that allowed hospices to provide a hospice-like benefit to individuals who had not yet decided to forgo curative care. Although enrollment was low, this concurrent care model was evaluated to have reduced Medicare spending and improved quality: the mark of a successful demonstration. Unfortunately, CMS has now ended this demonstration and Congress has not made any corresponding changes to the Medicare Hospice benefit, nor created a concurrent-care palliative care benefit.
- Hospice carve-in. Medicare hospice benefits are carved-out of Medicare Advantage. This means that individuals enrolled in Medicare Advantage get their hospice services from a hospice that is directly paid by Medicare. CMS recently began to assess the impact of allowing Medicare Advantage plans to pay and oversee hospice care as part of the Value-Based Insurance Design (VBID) demonstrations. Plans would also be encouraged to pay for concurrent care and non-hospice palliative care. This demonstration is ongoing and early results are inconclusive.
- GUIDE Model. Most recently, CMS announced a demonstration that provides payment and support for people and caregivers living with mild and severe dementia. Applications were due in early 2024, and although not a palliative care model per-se, this demonstration signals a focus on disease-specific approaches to serious illness.

### **The Future of Palliative Care**

Palliative care stands at the confluence of three trends that will enhance access to and delivery of care in the community:

1. The shift toward care in the home. If it was not clear before COVID-19, it is certainly clear now that people want to receive care in their home, ideally before or while they are experiencing an illness—not after they have declined and require hospital-level care.<sup>6</sup>
2. The shift to value over volume in fee-for-service. Accountable care organizations and other risk-bearing entities are incentivized to provide the full range of services and supports people need to stay in the community.

3. Enrollment in Medicare Advantage. As Medicare Advantage enrollment surpasses almost half of all Medicare beneficiaries, we will continue to see greater supplemental benefit offerings, including palliative care.

As the nation ages and people live longer with complex and chronic medical conditions, including dementia, chronic-obstructive pulmonary disease (COPD), and even various types of cancer, Medicare will need to continue to evolve to meet beneficiary and caregiver needs for palliative care.

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<sup>1</sup> 42 C.F.R. § 481.3.

<sup>2</sup> Under ordinary hospital reimbursement for care, room, and board.

<sup>3</sup> This is paid for via various codes in the physician fee schedule. See Palliative Care Billing Updates Every Provider Should Know, Center to Advance Palliative Care (capc.org).

<sup>4</sup> CMS recently synthesized its various efforts to allow for palliative care payment and delivery, with mixed results See Palliative Care Projects: Synthesis of Evaluation Results 2012-2021 (cms.gov).

<sup>5</sup> Medicare Care Choices Model, <https://www.cms.gov/priorities/innovation/innovation-models/medicare-care-choices>.

<sup>6</sup> Even then, hospital at home provides promising opportunities for care in the home.