

REPORT OF THE DEPARTMENT OF HEALTH

IN CONJUNCTION WITH

THE HOSPICE ADVISORY COMMITTEE

TO

THE GOVERNOR

AND

THE GENERAL ASSEMBLY OF VIRGINIA



SENATE DOCUMENT NO. 5

**COMMONWEALTH OF VIRGINIA
RICHMOND
1983**

EXECUTIVE SUMMARY

The State Health Department has completed its evaluative study of Hospice Programs in the Commonwealth pursuant to Senate Joint Resolution No. 145 of the 1981 Session of the General Assembly.

Utilizing the experience of the Hospice Advisory Committee, the Department has developed a coherent State policy which encourages the development of quality hospice programs in the Commonwealth. The Findings and Conclusions are as follows:

- As of September, 1982, there are twelve (12) hospice programs in the Commonwealth which have been approved through the Certificate of Public Need process. Hospice programs are generally well placed throughout the Commonwealth with larger population centers (Northern Virginia, Roanoke, Richmond, and Tidewater) being served by at least one hospice program. Additionally, less densely populated areas such as Winchester, Fredericksburg, the Eastern Shore, and Warrenton also have hospice programs.
- Preliminary standards to be incorporated into rules and regulations for the licensure of hospice programs have been developed by the Hospice Advisory Committee and forwarded to the Division of Medical and Nursing Facilities Services for necessary revision and submission to the Board of Health for promulgation.
- Third-party payers, especially the Blue Cross/Blue Shield Plans, have appropriately assumed lead responsibility for the resolution of critical reimbursement issues.
- National legislation in the form of an amendment to the Medicare Program for hospice services provides adequate coverage for a significant portion of potential hospice patients in the Commonwealth.

REPORT BY THE
DEPARTMENT OF HEALTH
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HOSPICE ADVISORY COMMITTEE

TO

THE GOVERNOR AND THE GENERAL ASSEMBLY OF VIRGINIA
RICHMOND, VIRGINIA

OCTOBER, 1982

TO: HONORABLE CHARLES ROBB, GOVERNOR OF VIRGINIA,
AND THE GENERAL ASSEMBLY OF VIRGINIA

The State Health Department has completed its evaluative study of Hospice Programs in the Commonwealth pursuant to Senate Joint Resolution No. 145 of the 1981 Session of the General Assembly. The Resolution follows:

SENATE JOINT RESOLUTION NO. 145

Requesting the Department of Health to continue the evaluative study of hospice programs in Virginia.

WHEREAS, House Joint Resolution No. 252 of the nineteen hundred seventy-nine session of the General Assembly requested the Department of Health to conduct an evaluative study of hospice programs in Virginia and to make recommendations regarding standards for the quality of care, criteria for licensure and reimbursement of both the home care and in-patient components of hospice programs provided in a variety of health care settings and geographic areas of the Commonwealth; and

WHEREAS, during nineteen hundred seventy-nine and nineteen hundred eighty the Hospice Advisory Committee of the Department of Health has conducted the evaluative study and has recommended legislation for the licensure of hospice programs to the General Assembly; and

WHEREAS, the Hospice Advisory Committee recommends that the collection and monitoring of existing hospice programs be continued for an additional two years to provide a more thorough evaluation; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Department of Health, in conjunction with the Hospice Advisory Committee, is requested to continue the evaluative study of hospice programs in Virginia.

The Department of Health is requested to report the findings of the study to the Governor and the nineteen hundred eighty-three session of the General Assembly.

PROCESS

Pursuant to Senate Joint Resolution No. 145, the Department of Health, in conjunction with the Hospice Advisory Committee has continued the Evaluative Study of Hospice Programs in Virginia. In keeping with the process established under House Joint Resolution No. 252, the Department continued to utilize the knowledge and experience of the members of the Hospice Advisory Committee in completing the hospice study. Although the membership of the Committee has changed during the course of the study, representatives of hospice programs, third-party payers, local health planning agencies, the Virginia Health Care Association, the Department of Health, and the Virginia Hospital Association have actively participated in the completion of the study objective.

ACCOMPLISHMENTS

The Committee charge was essentially twofold: 1) To assist the Department of Health in the formulation of preliminary rules and regulations for the licensure of hospice programs, and 2) to investigate further the necessity for specific reimbursement for hospice services. The drafting of licensure standards represents the major activity of the Hospice Advisory Committee during the continuation of the evaluative study.

To develop standards under which Virginia hospice programs would be evaluated, the Committee reviewed licensure regulations of approximately six other states, Principles and Standards developed by the National Hospice Organization and the Hospice Project Standards developed under a special W. K. Kellogg Foundation grant to the Joint Commission on Accreditation of Hospitals. The result was a draft set of regulations which reflects the intent of the recommendation to license hospice programs, i.e., "to allow for quality hospice program development, to be sufficiently flexible in order to provide innovation, to be nonduplicative of other licensure requirements and to preserve the integrity of the hospice concept. . ." (House Document No. 15, 1981). The Hospice Advisory Committee has forwarded these suggested rules and regulations to the Division of Medical and Nursing Facilities Services, the unit within the Department of Health ultimately responsible for administering a licensure program. It is expected that the Division will finalize the initial draft of regulations for

for adoption by the Board of Health under the provisions of the Administrative Process Act. Included within this process is a public hearing where hospice providers, third-party payers, and trade associations may again make comments and suggestions geared toward the continued improvement of the preliminary program standards.

The second study objective involves the investigation of reimbursement. The Department of Health and the Hospice Advisory Committee have recognized in past reports to the General Assembly and the Governor the importance of questions regarding reimbursement for hospice services. The conclusion has always been that program definitions and standards must be in place, and the data on the cost effectiveness of hospice programs must be thoroughly evaluated prior to consideration of insurance coverage for hospice services. It is clear that the program standards and definitions are in place through the availability of a licensure requirement.

The remaining issue is, therefore, the data on the cost effectiveness. Two significant events have occurred which affect the questions of data and ultimately reimbursement for hospice services. First, of the three Blue Cross and Blue Shield Plans which write contracts covering Virginia residents, two Plans have initiated pilot programs which not only offer coverage of hospice service, but also are designed to study the very cost issue discussed by the Hospice Advisory Committee. Those cost issues include, but are not limited to, the identification of costs of hospice summary demographic characteristics of patients, and the investigation of program utilization in the home and inpatient settings.

Group Hospitalization, Inc. has written a summary report, entitled Hospice Pilot Program Evaluation of 3½ Years Experience, detailing the results of its pilot with Hospice of Northern Virginia, Inc. The preliminary conclusions, although identifying additional study areas, are generally favorable relative to the cost effectiveness of hospice home care.

Blue Cross/Blue Shield of Virginia initiated its pilot program in the spring of 1982, with expected completion during 1984. This pilot involves three hospice programs; Riverside Hospital Hospice Program, Norfolk General Hospital Hospice Program, and the Retreat Hospital Hospice Program. Significantly, all three sites for the hospice pilot have been requested (by Blue Cross/Blue Shield of Virginia) to submit demographic data on patients admitted to the program and program information utilizing data collection instruments developed by the Department of Health and the Hospice Advisory Committee.

The second event occurred in August, 1982, when the 97th Congress passed and the President signed an amendment to the Social Security Act, which extends Medicare-reimbursed hospice services, including both home and inpatient care to Medicare-

eligible terminally ill persons diagnosed as having a prognosis of six months or less. The first reimbursement for hospice services will be effective November 1, 1983. The Secretary of Health and Human Services is required to complete the drafting of hospice standards and condition of participants by September 1, 1983. Passage of this legislation is significant for potential hospice patients in Virginia because data from existing hospice programs have shown that over sixty percent (60%) of the patients are aged 65 and over. This is precisely the Medicare population.

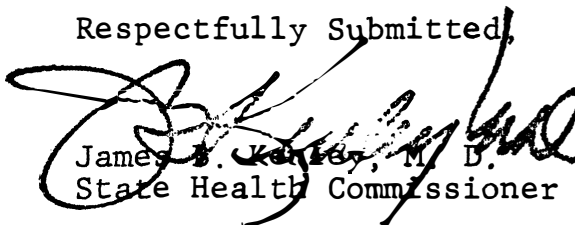
Therefore, it appears that the critical hospice reimbursement issues either are being adequately addressed by major third-party payers in the Commonwealth or have been resolved through the passage of national legislation.

FINDINGS AND CONCLUSIONS

The findings and conclusions of the continuation of the hospice evaluative study are as follows:

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Respectfully Submitted,



James B. Kelley, M. D.
State Health Commissioner

