

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



**CENTER FOR MEDICARE**

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TO: All Part D Plan Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Preventing Part D Payment for Hospice Drugs

DATE: October 22, 2010

CMS has learned of concerns that Part D sponsors may be paying for drugs that should be the responsibility of the Medicare hospice provider, particularly in long-term care facilities. As specified in the Social Security Act in section 1861(dd) and Federal regulations in Part 418, hospice programs must provide individuals under hospice care with drugs and biologicals related to the palliation and management of the terminal illness as defined in the hospice plan of care. Only drugs which are used primarily for relief of pain and symptom control related to the individual's terminal illness are covered by the hospice program. Medicare payment is made to the hospice for each day an eligible beneficiary is under the hospice's care, regardless of the amount of services provided on any given day. Because hospice care is a Medicare Part A benefit, drugs provided by the hospice and covered under the Medicare payment to the hospice program are not covered under Part D. The purpose of this memorandum is to direct Part D sponsors to communicate with their network pharmacies regarding ensuring that Medicare hospice drugs are not billed to Part D.

Currently, because a Medicare Advantage (MA) Organization's premium payments are reduced for enrollees who have elected hospice, MA plans providing Part D coverage (that is, MA-PDs) are able to identify enrollees in hospice; other Part D sponsors, however, do not currently have this ability. Therefore, MA-PD sponsors should ensure their claims processors are notified of an enrollee's hospice election and that processes are in place to prevent Part D payment for hospice drugs. Meanwhile, CMS will be initiating a systems change that will enable us to send beneficiary-level hospice data to all Part D sponsors beginning in late 2011. In the interim, although we recognize that stand-alone prescription drug plan sponsors cannot easily identify and prevent Part D payment for hospice drug, these sponsors should instruct their network pharmacies, particularly their contracted long-term care (LTC) pharmacies, to work with the LTC facilities in which their members reside to identify any Medicare enrollees who have elected hospice and ensure hospice drugs are not billed to Part D.

If you have any questions about this memorandum, please contact your Part D account manager.