

Transcript: Part Two - CMS Leader Explains Hospice Fraud, Medicare Risks, and the Future of Healthcare

Welcome And Conversation Setup

Jeff Haffner 0:00

Welcome to TCN Talks, an anatomy of leadership. We continue our conversation with Kim Brandt. In part two, CMS Leader Explains Hospice Fraud, Medicare Risk, and the Future of Healthcare. And now, here's Chris Comeaux.

Chris Comeaux 0:22

So, you know, Medicare Vantage growing throughout the country. And then we had the value-based insurance design, and there was a lot of discussion, and we had kind of an experiment period where hospice was carved in on an experimental basis. So do you think that the hospice carve in via the VBID may come back around? Were there some good lessons learned from the demonstration project?

Kim Brandt 0:44

It's been an ever-evolving thing, if you will, right? So under VBID, hospice was carved in, as you mentioned. And the plan became responsible for paying the hospice provider and coordinating all the care, both curative and palliative. That was, you know, sort of the goal of that whole thing, under at least the VBID model. And that was the way they were hoping to be. But as a result of it, I think we did learn some good lessons as a result of that. And I think, you know, the demonstration gave us some good lessons learned about sort of um, you know, how good you can be at in-care coordination. I think there were uh some concerns about administrative burden, uh, some of the payment pressures on hospices, and then some underutilization issues that were also um raised as a result of that. So I think at this point, you know, our team is really trying to figure out, all right, you know, what is it that we should uh do? I think, you know, some of the concerns and the tensions were, you know, sort of where whether or not the MA plans were incentivized to reduce costs for some of that. And, you know, hospice is obviously a much it has a lot of costs later in life as a result. Um, I think um there was also some concerns about large versus small hospice providers because the larger systems could negotiate with the MA plans and the smaller hospices had trouble getting contracts and maintaining the margins, which was a little bit of an issue. And then there were also some administrative issues that came up, such as, you know, concerns about billing variation and less

standardization under MA than there was under Fee Per service. So those are some of the feedback that I got from our team as I was researching your question, because again, that's a little deeper than I normally go. But I mean, at the end of the day, I think they're still trying to figure out was the lessons learned enough to make it a more permanent policy change, or is it something that we just want to say we learn from it and move on?

Chris Comeaux 2:42

Gotcha. So it sounds like jury's still out.

Kim Brandt 2:44

I I would say the jury is still out, yeah.

Chris Comeaux 2:47

Gotcha. We do have a podcast coming out with a CEO of a company who's actually she and I kind of debated it. I I am not for the actual V bid carve in, because I do think hospice is different. It's so hard for people to choose it. Um, one of the most alarming things in the data that I saw, Kim, and I think this alarmed the insurance companies, is the family. I'm gonna overstate this, but the family almost felt like the insurance company was the death panel. Like they didn't trust the insurance company to make the referral to hospice. And then the insurance company was kind of stuck like, how do we make these referrals? So there weren't good referrals, the length of stay wasn't good. And you know, these insurance companies are spending a lot of money for healthy aging marketing. Yeah. And and that could concern them that if then they're the one responsible to make that. So to me, hospice is so different that it would make sense to keep it outside of the car vent, but that's my two cents. We've got a podcast where I debate it with a lady who's very well.

Kim Brandt 3:41

I'll have to listen to that one. I mean, from what I was able to gain from doing some quick recon on this, I I would say that um it was definitely not overwhelmingly conclusive from our side that this was something that should be, but they viewed it as a valuable um takeaway in terms of good information to help inform how we make policy decisions in this area going forward. But I agree with you. I mean, conceptually, the Kim Brandt personal opinion, not that of CMS, is that it is a distinct type of service. And I to me it doesn't make sense to carbon, but I am not the one making that call.

Chris Comeaux 4:14

So understand. Well, Kim, let's talk about something that you guys have just been just incredible on, which is the waste, fraud, and abuse. Um, so talk about just I'll give you the

mic for a little bit. Talk about some of the work you guys have been doing because you've been doing some pretty big stuff, making a lot of national headlines.

How Hospice Fraud Works In Reality

Kim Brandt 4:31

Um and Dr. Oz, if you follow his social media, um follow it this week, later this week as a teaser. You're gonna see some big stuff uh starting Wednesday night uh through Friday. We've got some big stuff happening. But yes, um, I am super excited about this. This is um this is my third tour at CMS. And the reason I decided to come back was because not only is Dr. Oz incredibly persuasive as you can imagine, um, but also he um agreed uh if I was to come back, I said, I really want to tackle waste, fraud, and abuse. I don't feel like we've ever gotten it right. I feel like there's a lot that can be done differently, and I'd really like to go big on it. And then not only have we done so at CMS, but now as you probably saw last week, the vice president kicked off his new uh fraud task force, which isn't just healthcare fraud, it's fraud against all government programs, which is amazing to have that kind of focus from the highest levels of government, if you will. But then here at CMS, um, we have just been going gangbusters um literally since the moment I hit the ground last year, and certainly since stock draws came in April. So a few of the things that we have done, the very first thing we did, which is one of our uh biggest accomplishments, was set up a war room. It's called the Fraud Detection Operations Center or the F doc. And from March 31st to December 31st of last year, we stopped \$1.8 billion in suspect payments for just high-risk providers. So a very small number of providers, but providers who showed up on our radar real time before the claims were paid. Like, you know, as claims were coming through, we saw them, we were flagging about five providers a day, which I know doesn't sound like a lot, but actually given their volume, it was it was a fair amount. And so we were, you know, going through and reviewing these. And as a result, we stopped 1.8 billion, 1.5 billion of that was related to durable medical equipment, DME, things like oxygen, wheelchairs, CPAPs, etc. So that was a big part of it. Um, and then um about another hundred thousand or hundred million, I'm sorry, was um labs. So it was laboratory stuff. So hospice was not one of the areas in the F Doc that popped up, but it was something that we were seeing um certainly across the board. And then since then, the F Doc as of today has actually stopped 2.2 billion, and we've been able to kick almost 400 providers and suppliers out of the program. And so that is a significant amount of uh money saved to the program and a good number of the people that we were able to kick out that just weren't good partners. So let's talk about hospice in particular. LA County, everybody knows, is kind of the epicenter of all of this, but as people were getting shut down there, or as you know, people were getting more scrutiny there, they were starting to move and are starting to move. California to Arizona, California to Nevada, California to

maybe Texas. Um it's definitely been a migratory pattern. That's part of the reason that we were visiting the hospice in Las Vegas uh last or earlier this year, because of the fact that we were talking to the Nevada folk about the fact that they've seen a 7x increase in the number of hospices in Nevada just in the last decade or so. In LA, it's been an even greater um increase. There's now just in LA County 1,800 hospices that are listed. That's 4.5 times more than the number of Starbucks in LA, just to put it in perspective. And so as a result, we believe that upwards of 900 to 1,000 of those are just completely false. So almost 50%. And so our team has been extremely focused on going and looking at them to suspend, which means that we suspend payments. They no longer get paid by Medicare or revoke, which means that we just kick them out entirely of the program so that they cannot bill anymore. We've been great partners with um a lot of boots on the ground people out there. Uh Sheila Clark, who works for uh some of the um hospice advocacy organization, the senior Medicare patrol, other partners have been just super helpful in helping us to really look at what's happening. But unfortunately, a lot of this is due to organized crime. These are people who um, you know, foreign entities buy sham, you know, um operations, set up things using um stolen Medicare beneficiary identifiers, or they'll just go out and sign people up. Um, one of the most common scams is to just send people to someone's door and say, hey, would you like a 40-inch TV? In exchange, if you sign this, you get a 40-inch TV and we'll come by and you might get some light housekeeping or something like that. And instead, sort of like I told you with the six-pack example earlier in this episode, um, you know, they get paid thousands of dollars a month. And legitimately the beneficiary doesn't get anything for that. And then when the beneficiary goes to actually get legitimate Medicare services, they can't get them because um they think they're on hospice. And so getting any kind of curative treatment is not allowed because they're signed up for hospice. So um we've also been sending letters now. We've sent thousands of letters out in California, Nevada, and Arizona to all of the people who have allegedly elected hospice, and we've had a fair hit rate, a high hit rate of people writing back and saying, I'm not signed up for hospice. I never agreed to be on hospice. But the fact is now we're double checking. Um, so we're not only checking on the validity of the people who are there to make sure they're good partners, watching their billings, making sure they're actually legit, but we're also making sure the beneficiaries know that they're signed up. So they don't have a situation where they go to get real services that they need, curative services, and told they can't.

Protecting Good Providers During Audits

Chris Comeaux 10:01

Wow. Well, Kim, kudos to you and your team. I don't know if you know um Dr. Ira Byock. He's written some amazing books, kind of like the he's like the father of hospice in some

respects. There's there's a lot of matriarchs of hospice as well, so he's not the only one. But he has written a book called The Strategic Path Forward for Hospice. But in that paper, he coined a lovely phrase. As you've already learned, the majority of hospice people are just kind, caring, beautiful-hearted people. But he said, collegiality ends a criminality. I've known about some of this stuff for a while, and it's like, why is no one doing anything about this? And so kudos to you guys that you are doing something about it. So this leads to my question. Um, and it kind of goes back to that, you know, provider number thing. And so a lot of the nonprofit hospices have larger programs and they don't play that game of provider numbers. So if the outside audit firms are looking for uh a nice fishing hole, the fishing hole is bigger where you've got more patients per day. So it feels like sometimes they pick on some of the nonprofit providers because when you look at those provider numbers, well, they're just like 30 patients a day, 20 there. But that entity might be aggregating those numbers for financial purposes. So they get to fly under the radar screen for the audit and we get picked on. So how do you how do you make sure, because I love what you're doing, how do you make sure that the good actors don't get kind of inadvertently as collateral damage in some of this?

Kim Brandt 11:31

No, it's a great question, and we struggle with that all the time, uh, quite honestly, because you know, you want to cast a wide net, but you don't want to catch such a wide net that we make it administratively burdensome or difficult for the good guys to be able to maintain. And one of the ways that we do that during normal sort of just routine business is to do what we call um targeted probe and education, which means that we'll do an audit and we'll, you know, do that initial audit. Maybe it's of you know the care plan or whatever it is, you know, on the hospice, and we'll determine if there are things that look right or or not right. And then we go back to the provider and give them a chance to update it, to get it right. We explain the rules, we tell them what they need to know. Um, they have a chance to then resubmit, sort of like uh a teacher says, uh, it doesn't seem like you really got this right. Why don't you take another try and send it back and we'll give you maybe a better grade? Sort of similar to that. We give them the sort of the redo. Um, then if they don't get it right after that, then we give them one more try, but we're a little more serious about it, saying, okay, you really need to get it right this time. So it's kind of your third try or you're out, so to speak. And so on the third try, if they haven't gotten it right after two series of education and things like that, that's when we really go hard and actually, you know, really double down on going after the money. So the way it should work with legitimate providers is they should have sort of uh a multiple try sort of thing. They shouldn't necessarily get dinged, you know, right away. We try to work with them, we try to work through the education process. And then sometimes they don't know that they're affiliated with bad entities or bad actors. And so sometimes we have to sort of then some of these legitimate hospices have a medical director that might be associated

with some people that are bad actors that they don't know about. And so sometimes we have to really work with those legitimate uh providers to be able to say, hey, um you might want to reconsider your working relationship with uh some of the people you're affiliated with, because those affiliations could be tainting them by association as well. So we always try to give the benefit of the doubt. We always believe in due process, but the fact of the matter is that in some cases, particularly in hospice, durable medical equipment, and some of these other high risk, high fraud areas, um, we're occasionally going to catch some good actors. And we try really hard to make sure that we get them out and get them back right when we do. And my best advice is when that happens, come to us. If you're one of those people, you need to come to us. You need to let us know, hey, raise your hand. You know, our contractor might be focusing on them because we've told them to focus on people that have certain discharge rates or certain, you know, other characteristics. Let us know, and then we'll hopefully be able to get it squared away. If you're actually doing things the right way, we'll have an independent review done and hopefully we can get you back and out of the net, if you will.

Future Hospice Strategy And Key Metrics

Chris Comeaux 14:21

Perfect. So, Kim, now go back to like maybe looking out to the future. So many hospice leaders are maybe a little concerned, but more anticipating where is federal policy heading? If you're giving advice to hospice executives today, what capabilities or strategic shifts should they be thinking about as they prepare their hospices for the future?

The AI Chili Cook Off For Fraud

Kim Brandt 14:44

Um, you know, I think some of it is what we already talked about in terms of the fact of the matter is I think the future of hospice is definitely more from that Medicare-defined benefit at the very end of life to more sort of a broader, managed, and earlier stage care model, if you will. I think it's kind of, you know, thinking about it in a little bit different way. Again, not knowing exactly what we'll do as a result of the VBID and things like that. I'm not going so far as to say that, you know, VBID is going to do it, but I think, you know, the fact of the matter is that um there's gonna be a little more of a shift towards, I would say, models that support both treatment and comfort, sort of that curative and palliative a little bit. And I think people are gonna be very, very focused on analytics and data. As I said, we're getting more into that. I think people are going to need to be looking at length of stay by diagnosis, live discharge rates, um, you know, uh CCN, uh, you know,

cap exposure, like we talked about before, referral patterns by source, um, the cost uh per patient versus reimbursement overall. Those are all things that I think um we are becoming much more data-driven. Like I said, we're trying to use data to drive quality. I think that hospice providers, and frankly, all providers in healthcare are gonna have to become much more data-centric as well, because that's just the future and that's where we're going. So I think it's a little bit of a mind uh shift in terms of broadening the mindset of what is hospice now, because I think what is hospice is gonna shift a bit. Like I said, it's going to be a little more of I think a longer, not just your last six months, which was we've now learned thanks to this episode, is not something that was ever set. Uh, but it is now sort of thinking about how it is that you know you can think about that. And then I think also it's that, you know, how do you think about palliative care and um what does that mean and sort of um where does hospice fit into that overall?

Chris Comeaux 16:45

Yep. So you very we brought you to our teleos network. You did a great presentation in PHI. You came and talked to our network. And in that meeting, you mentioned a chili cook-off, but in the context of technology, and I made it out. I'm like, if ever get Kim my podcast, I'm gonna ask her, what the heck is a chili cook-off related to technology? Um, can you talk about that?

Kim Brandt 17:05

Yeah, I'd love to. Um, so the chili cook-off um was kind of my idea. Um, we were thinking about it more as a uh, okay, how do we get a bunch of people to get together and determine who has the best thing? And so we called it a chili cook-off. And some people got way into it. We even had like hot sauce and everything. Um, but what we had was 250 plus um tech companies that all came together. And what was really cool about it was they all brought their best machine learning, um, AI, other types of approaches to how they would help combat healthcare fraud. Like what were the things that they thought could really help us at CMS move the needle in a sustainable way? And the reason it came about was because in my first, oh, let's say six to eight months here, probably eight months um here at CMS, I met with over a hundred different vendors, every single one of whom claimed they could save the program \$2 billion or more. And I would love it if that was the case. And I'm sure many of them actually thought they could, and maybe they could have. I I honestly don't know, but I didn't know. I did not feel like I was the one that could make that call. There were so many options to choose from, like a real chili cook-off. How was I going to determine who the best one was and where I was going to get the best dollar? So we had Mitre Corporation, who is one of our contractors, um, go ahead and just basically independently uh analyze all the proposals. They picked the top 10. Um, the top winner was Millen Inc. Um, they won with um a really creative proposal that was um kind of innovative, and we're now pilot projecting with them on that. Um, but what's

really cool is you can go on our [www.cms.gov slash fraud](http://www.cms.gov/slash-fraud). So again, [cms.gov slash fraud](http://cms.gov/slash-fraud), you can go there and you'll actually see a white paper, which I think posted last Friday if all went well. Um but there's a white paper that summarizes um what we found, um, talks about the top 10 submissions and kind of gives you more intel. But the whole goal of this was to really help us find out if there were things that we were missing or if there were approaches that we should be thinking about. And what we found was we were aware of most of what was out there, but there were creative and unique ways of using a lot of that technology, which we hadn't really thought about. And so it really opened our eyes to sort of what was out there. And our hope in issuing the white paper is for those who don't have the resources, money, or time to do a 250-plus entity cook-off, if you will. Um, this will give them some good information to be able to help them as they think about what tools and resources could be useful to them. So um we loved it. I think you're gonna see more. Um, we we just had a provider directory bake off. Um, we love food here at CMS. Um, so you know, who knows what we'll have uh later this year, but I'm hopeful we'll be able to do another round of it this time on Medicaid tools, because we're really focused on Medicaid program integrity now. And I'd love to be able to um see what works on the Medicaid side. But it was a really great um, I'm very excited by the outcome of it. Congrats to Milliman. They did a great job. But more importantly, it helped us to really think very closely about what tools we're using and what tools we need to use to be able to keep crushing fraud.

What Hospice Should Look Like In 15 Years

Chris Comeaux 20:15

In our show notes, we're gonna include a link to that white paper then, Kim. So, last question to you. When you step back from all the regulatory stuff, what do you hope hospice looks like in let's say 15 years from now?

Kim Brandt 20:28

It's a great question. I think for me, what I hope hospice looks like is a sort of merging of the experience I've had between my family members. So I would love it so that if someone so chooses, like my mom did, to be able to die in their own home or has the luxury of dying in their own home, that they're able to do that with medical professionals who can help provide the family with the tools and resources needed to be able to help that person die with dignity in their home, but also help them understand the dying process and what's needed to help manage that and help them do so in a as pain-free and sort of comfortable manner as possible. Um, I think, you know, some of the challenges of being in a facility are you can't control the environment, you can't control, you know, when and how um pain medication is always delivered and things like that.

And I think those are some of the challenges we faced with my uncle when he was in a facility. They were wonderful people, but there were, you know, it was not the most stress-free end of life, so to speak. And so I think what I'd love is whether it's in a facility or whether in a home, you know, we all have an agreement as to, you know, how to make sure that the people that are dying and their family members have the support and the resources needed to be able to help that person exit in as calm and just, you know, uh stress free environment as possible. And I think so many hospices, like I said, we went to the the Nathan Adler hospice and it was really impressive to me what they were doing to really help those patients. Um, that it was a beautiful environment. It was um, you know, really seemed like incredibly talented staff. That's what you hope everybody would have. You want to be able to have, I mean, it was almost like being in Hawaii. They had the palm trees, they had a Lanai. I mean, it is a truly first class facility. And I don't mean to keep calling them out, but it really struck me because they to me that embodies sort of what you want. You want to have it so that people feel that they are loved and comforted and are just able to go out in a way that pays tribute to the lives that they've had.

Chris Comeaux 22:34

So Kim. Kim, final thoughts. You've got the year of hospice and powered care leaders. What final thoughts?

Kim Brandt 22:40

I think final thoughts are continue to engage with us. One of the best things that I found over my past year now here at CMS, particularly because so much of it has been spent focused on hospice issues, is the more you tell me, the more we learn and the more we can make changes. And um, there has been such a great dialogue with the hospice community, particularly on the fraud and abuse piece of it. Again, I don't claim to be influencing uh things on the payment side, but Dr. Oz does. He influences both. And the fact is, you have his ear, use it. Um, continue to talk to him, continue to talk to us, tell us where you're seeing issues, tell us where you're feeling the pain points, because Dr. Oz is very committed, as is Chris Kump, as is our whole leadership team, to making sure that people do age and die with dignity and want to make sure that we are doing all we can from a program perspective to do that. My part of that is to get rid of the sketchy actors so people don't get caught up in that or have it so that they can't get hospice services because it looks like they already have. Um, so I'm trying to do my part on that part. And then Dr. Oz and uh Chris Klomp and the others are are thinking about the payment sides of it. But the most important part of all this is having that dialogue with us. The more you tell us, the more you influence uh with us through letters or just visits or even when we come and visit you. I think that has been, I think, the most eye-opening uh eye-opening. I mean, obviously I've had personal experiences, but the interaction I've had with the professionals in your community has made a huge difference in how we've approached

our fraud fight, but it's also really influencing how we're changing our thinking about hospice in general, and that's huge. So just keep it up.

Chris Comeaux 24:18

Okay, we're based in North Carolina. If you and Dr. Oz ever want to kind of make it down here, we have some amazing programs all over the country, but we've got a good conglomeration of them in the Carolinas, and so Carolinas are beautiful. So if you ever want to pay a visit down here, we can create some crazy.

Kim Brandt 24:34

I have a feeling we'll be heading that way at some point over the next few months. So I'll definitely keep that in mind.

Chris Comeaux 24:39

All right, and thanks for the work that you guys are doing, Kim. The fact that you took time for this podcast, thank you. I know how busy you are. I I work crazy hours, I look like a slacker compared to how hard you and your team are working. That says the world about how much you care about what you're doing. So thank you for that. And I love how you guys have engaged the whole hospice field, wanting to make it better. And so that's that's a refreshing change. So thank you.

Kim Brandt 25:03

Well, thank you. We are so grateful to have you all as partners and uh I hope to significantly reduce the amount of fraud. So we aren't talking about that anymore, and we can focus more on how we can do a better job of providing good care. That's the goal.

Chris Comeaux 25:16

We don't want to, they're like so in at the bottom of the class. We want to be talking about this is what great care looks like.

Kim Brandt 25:24

Exactly.

Subscribe, Closing Quote, And Thanks

Chris Comeaux 25:25

Yeah, so you can eliminate those that part. So well, thank you again. To our listeners, we want to thank you. At the end of each episode, we want to share a quote, a visual. The idea is create a brain bookmark, a thought prodder about our podcast subject. This one's

gonna be a fun one. We want to further your learning and your growth and thereby your leadership, and we want it to stick like a brain tattoo. Please be sure to subscribe to our channel. We don't want you to miss an episode. We'll make sure we include a link to the article that Kim mentioned and maybe a couple other resources as well. You know, it's easy for us to rail against the world and be frustrated by things. Let's be the change that we wish to see in the world. So thanks for listening to the TCN talks / Anatomy of Leadership podcast. And here's our Brain Bookmark to close today's show.

Jeff Haffner 26:06

"The system we build today determines how we and the people we love will one day be cared for." by Kim Brandt. Thank you, USI, for sponsoring this podcast.