

## Eli's Hospice Insider

### Know Your Facts: Average LOS Skyrockets While Median LOS Merely Inches Up

#### **For-profit and non-profit margins differ significantly.**

Rising hospice utilization and changing industry demographics are giving hospices an uphill climb when it comes to securing adequate reimbursement in future years.

Here are the stats the **Medicare Payment Advisory Commission** is using when making its influential recommendations to Congress about your Medicare payments:

- In 2010, Medicare spent \$13 billion for hospice services to 1.1 million users by 3,500 providers.
- The percent of Medicare decedents using hospice grew from 23 percent in 2000 to 44 percent in 2010.
- Average length of stay has grown from 54 days in 2000 to 86 days in 2010. During the same time period, median LOS has grown from 17 days to 18 days.
- Average Medicare profit margin for 2009 is 7.1 percent.
- Freestanding for-profit hospices averaged a 12.8 percent profit while freestanding non-profits averaged a 6.2 percent margin in 2009.
- MedPAC predicts hospices' average profit margin in 2012 will be 5.1 percent.
- Profit margins for hospices not exceeding their per beneficiary caps averaged 7.6 percent. Margins for above-cap hospices were 18.3 percent, before repaying the overpayments.
- Home health agency-based hospices' profit margins were half of those for freestanding hospices -- 5 versus 10 percent in 2009.
- Margins were higher for hospices that served patients with longer stays and who resided in nursing and assisted living facilities.

Source: MedPAC hospice presentation for Jan. 12 meeting at [www.medpac.gov/transcripts/hospice\\_January2012%20for%20Public.pdf](http://www.medpac.gov/transcripts/hospice_January2012%20for%20Public.pdf).