

## Eli's Hospice Insider

### Know Your Facts: Hospice Live Discharge Rates Decreased In 2014

**Profit margins are also down, but that didn't stop MedPAC from recommending a rate freeze.**

Take a look at the vital statistics that the **Medicare Payment Advisory Commission** is citing for lawmakers when pushing for a pay cut:

- About 48 percent (1.3 million) of Medicare beneficiaries who died used hospice in 2014. That's compared to 23 percent (534,000) in 2000. "This is slower growth than in past years and this, in part, reflects a decrease in the number of beneficiaries admitted to hospice and discharged alive," pointed out MedPAC staffer **Kim Neuman** in the December meeting.
- Fifty-six percent of Medicare decedents 85 and older used hospice in 2014, compared to 43 percent of those under 85.
- Forty-nine percent of Medicare decedents in urban areas used hospice in 2014, compared to 43 percent in rural areas.
- Medicare spent \$15.1 billion on hospice services in 2014.
- The number of hospices grew about 4 percent to more than 4,000 in 2014, with nearly all of the growth in the for-profit sector. "The total number of hospice providers serving Medicare beneficiaries has been increasing for more than a decade," Neuman said.
- Average length of stay has increased significantly since 2000, going from 53.5 days to 88.2 days in 2014. It has stayed at about 88 days for three years, however, Neuman noted.
- But for the 25th percentile average LOS actually dropped from six to five days in that time period. At the 50th percentile, average LOS stayed steady at 17 days.
- In contrast, at the 90th percentile average LOS increased from 141 to 247 days in that timeframe.
- Average LOS for a cancer diagnosis was 53 days in 2014; for a neuro diagnosis it was 148 days.
- Average LOS for a patient at home was 90 days in 2014, 110 days for a nursing home resident, and 154 days for an assisted living facility resident.
- Average LOS for a non-profit hospice was 67 days; 107 days for a for-profit.
- The live discharge rate decreased from 18.4 percent in 2013 to 17.2 percent in 2014.
- Among hospices with 50 discharges or more, 12 percent had live discharge rates at least double the national average. Those hospices tended to be for-profit (87 percent), exceed the cap (43 percent), and recent entrants (35 percent).
- Hospice profit margin in 2013 was 8.6 percent. That's down from the 2012 figure of 10 percent, but up from 5.5 percent in 2008. "The margin decline in 2013 partly reflects the effect of the sequester," Neuman explained.
- Profit margins broken down by categories include 14.7 percent for-profit versus 1.2 percent nonprofit; 12 percent freestanding versus 2.2 percent home health-based versus -16.7 percent hospital-based; and 8.9 percent urban versus 6.1 percent rural.
- MedPAC estimated hospice's "marginal profit" at 12 percent for 2013. That's a new figure the commission is using this year (see story, p. 19). It indicates "the degree to which Medicare payments exceed the cost of caring for an additional patient," clarifies the **National Association for Home Care & Hospice**.
- Hospices will record a profit margin of 7.7 percent in 2016, MedPAC estimates.