Eli's Hospice Insider

Payment: MedPAC Turns Jaundiced Eye On For-Profits

Advisory body highlights LOS disparities.

For-profit hospices have taken a beating from both the government and the popular press for a while, and that trend continues in the latest **Medicare Payment Advisory** Commission report to Congress.

"Between 2012 and 2013, the number of for-profit hospices increased by more than 9 percent, while the number of nonprofit hospices was relatively flat and the number of government hospices declined by about 4 percent," MedPAC notes in its report. For-profits typically have longer average lengths of stay, higher profit margins, and more live discharges all of which cost the Medicare program more money.

For example: "Average length of stay was substantially higher at for-profit hospices than at nonprofit hospices (105 days compared with 68 days)" in 2013, MedPAC says. The higher LOS among for-profit hospices has two components, MedPAC explains:

(1) for-profits have more patients with diagnoses that tend to have longer stays, and

(2) for-profit beneficiaries have longer stays for all diagnoses than those of nonprofit hospices.

"These patterns reinforce the assertion that the payment system favors longer stays and that changes are needed to make it more neutral toward length of stay," MedPAC urges