Advising the Congress on Medicare issues

Access to hospice care

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Content of this presentation

- Review of data on hospice utilization / payments
- Access to hospice care
- Incentives for long lengths of stay
- Additional policy considerations

Hospices reaching the aggregate per-beneficiary payment cap, 2002 – 2005

CAP YEAR	2002	2003	2004	2005
Number of hospices	2,286	2,401	2,580	2,809
Number of hospices subject to cap	60	98	150	220
Percent of all hospices	2.6%	4.1%	5.8%	7.8%
Payments over the cap subject to recovery (in millions)	$28	$65	$112	$166
Total FY spending (in millions)	$4,517	$5,682	$6,897	$8,155
Cap excess payments as % of total spending	0.6%	1.2%	1.6%	2.0%

Source: MedPAC analysis of 100% Hospice Standard Analytical File (claims) data, 2002 - 2005, and PDQ data, 2002 - 2005, from CMS.

Characteristics of Cap vs. Other hospices, 2002 and 2005

Cap hospices:

- Are more likely to be proprietary
- Are more likely to be free-standing (rather than provider-based)
- Have smaller patient loads (137 vs. 282 in 2005)
- Have much longer lengths of stay (139 vs. 68 days (free-standing) in 2005)

Source: MedPAC analysis of Medicare hospice cost reports and 100% hospice claims standard analytical files (SAF) from CMS.

Cap hospices have more days per patient than non-cap hospices, 2005

Hospice cap status	Number of patients	Median days per patient	Mean days per patient	Percent of patients > 180 days
Non-cap hospices	713,000	18	54	14
Cap hospices	21,000	62	105	38

Source: MedPAC analysis of 100% hospice claims 2005 standard analytical file (SAF) from CMS. Data reflect hospice patients for whom a length of stay could be calculated for 2005.

Cap hospices have different patient mix, but longer length of stay for *all* patients

	Cases				Length of Stay		
Disease category	Share of cases, cap hospices (percent)	Share of cases, non-cap hospices (percent)	Percent difference		ALOS, cap (days)	ALOS, non-cap (days)	Percent difference
Alzheimer's and similar disease	9.6	5.5	73%		129.7	81.9	58%
Nervous system, except Alzehimer's	3.0	2.5	18%		134.4	77.9	73%
Organic Psychoses	3.9	3.2	20%		116.1	71.6	62%
Dementia	6.4	4.0	59%		119.2	71.3	67%
Chronic airway obstruction, NOS	7.5	5.6	35%		118.9	67.4	76%
Unspecific symptoms / signs	7.7	5.2	50%		107.2	66.1	62%
Debility, NOS	7.5	7.2	3%		115.5	65.1	77%
Heart Failure	12.6	8.0	58%		120.5	58.3	107%
Circulatory, except heart failure	15.7	10.9	44%		114.2	51.4	122%
Cancer (except lung cancer)	14.5	27.2	-47%		68.3	45.9	49%
Other	1.7	2.0	-13%		104.3	43.8	138%
Lung Cancer	5.8	11.2	-48%		53.6	43.6	23%
Respiratory diseases	1.3	2.6	-48%		89.9	41.7	116%
Digestive diseases	1.1	1.6	-34%		63.9	36.5	75%
Genitourinary diseases	1.7	3.2	-46%		37.3	21.3	75%
	100.0	100.0			104.8	54.4	93%

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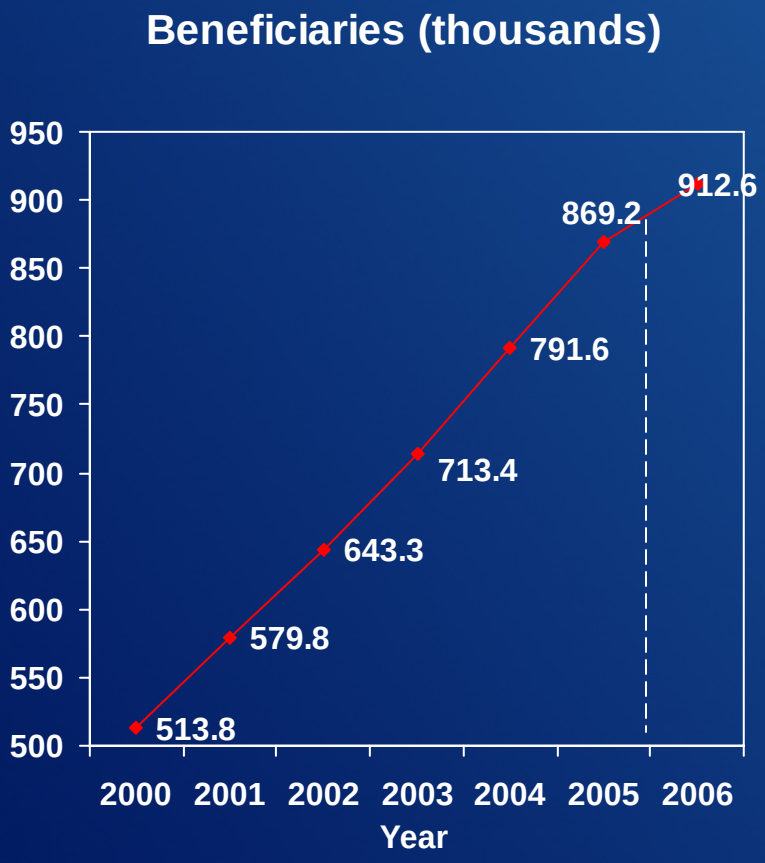
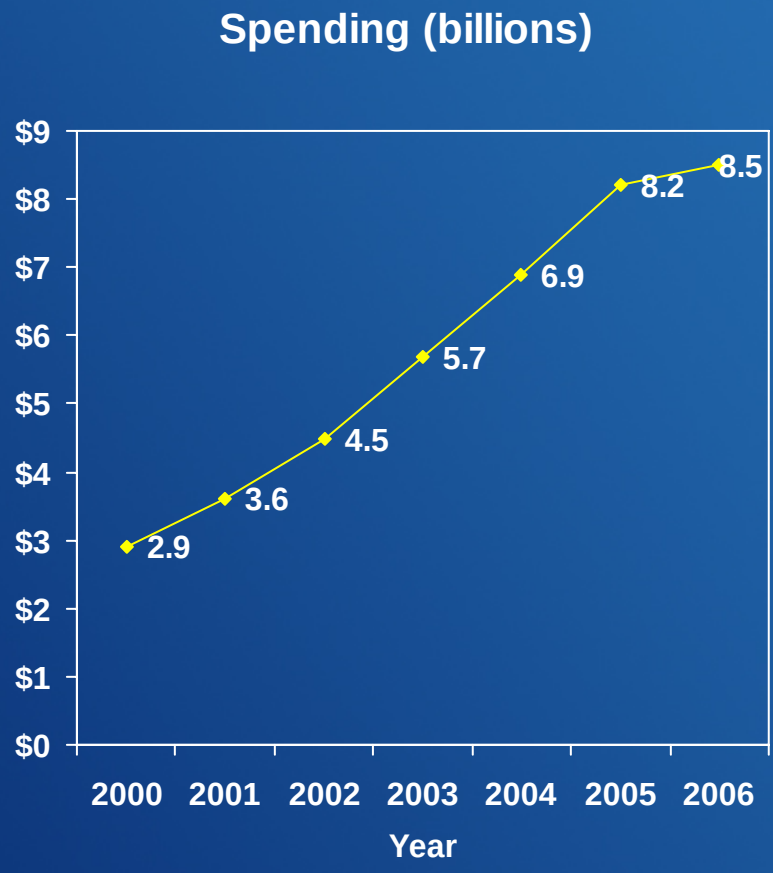
Source: MedPAC analysis of 2005 100% hospice claims standard analytical file (SAF) from CMS.

Hospice utilization and spending grew rapidly between 2000 - 2006





Source: Centers for Medicare and Medicaid Services.
Note: 2006 utilization data is calendar year, all others are fiscal year.

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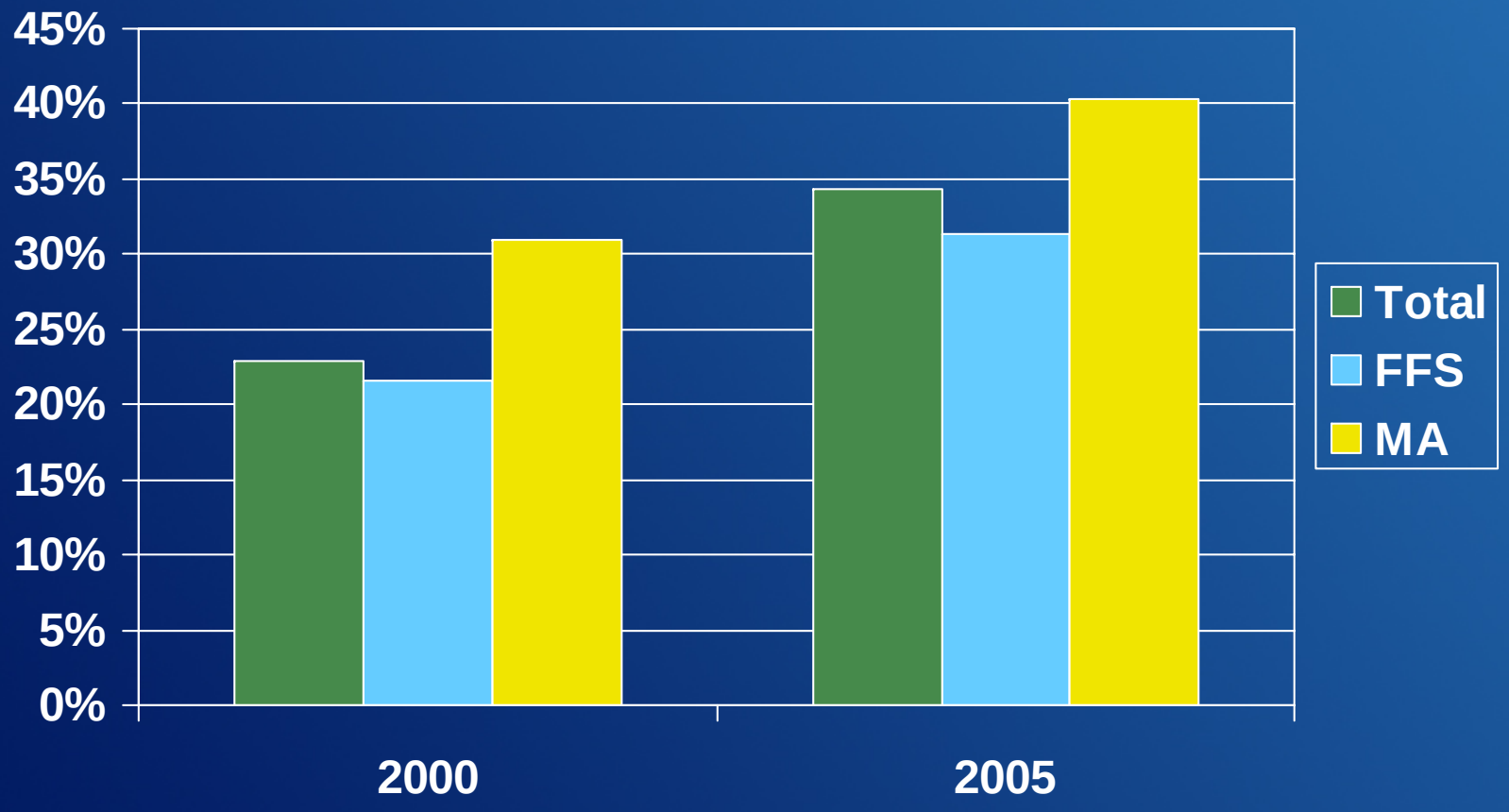
All beneficiary groups showed increases in rate of hospice utilization, 2000 - 2005

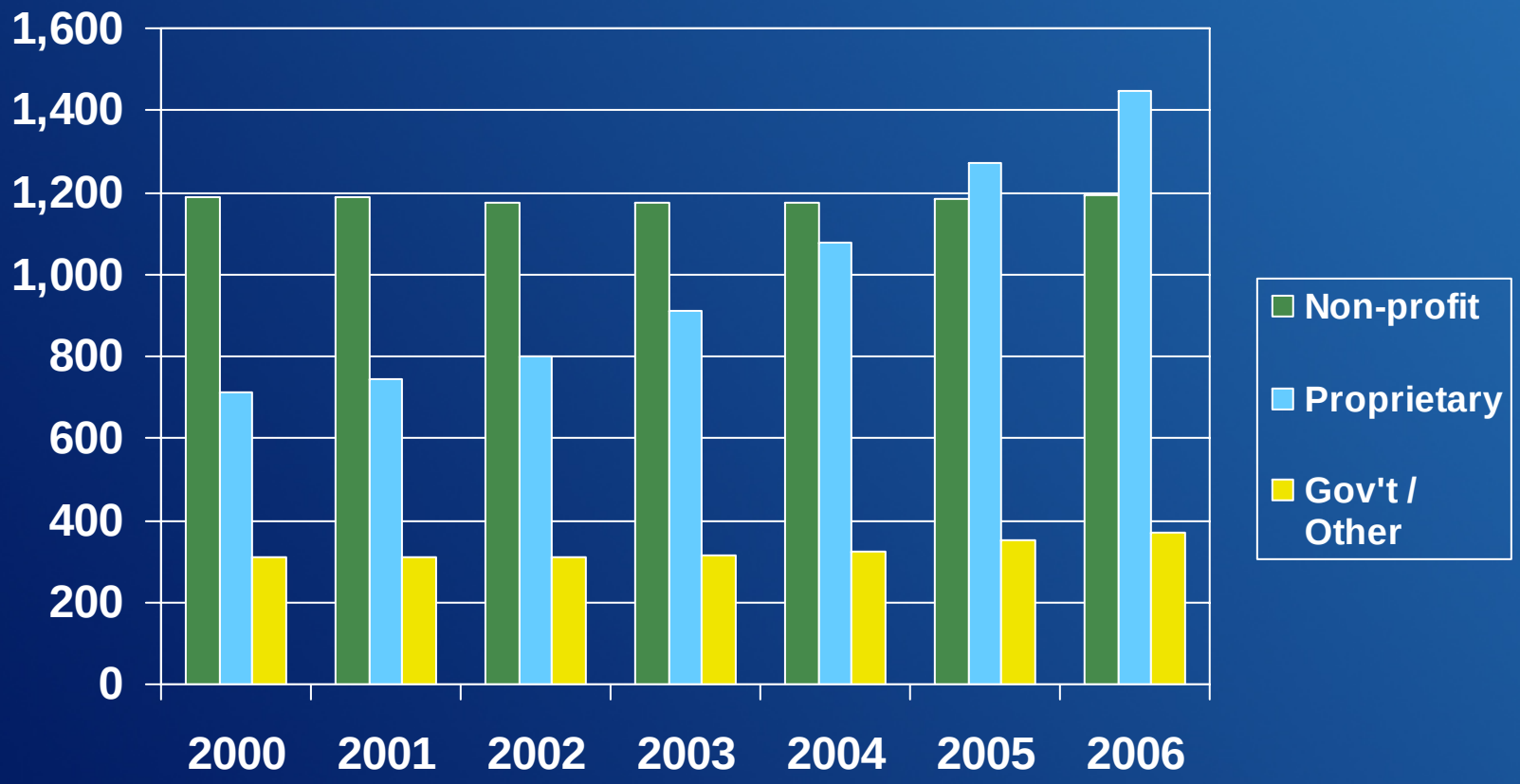
- Examined hospice utilization rates by:
  - Age
  - Sex
  - Race / ethnicity
  - Medicare eligibility
  - Medicare insurance type
- All groups increased from 2000 – 2005

Hospice utilization rate higher for MA, but higher growth in FFS, 2000 - 2005



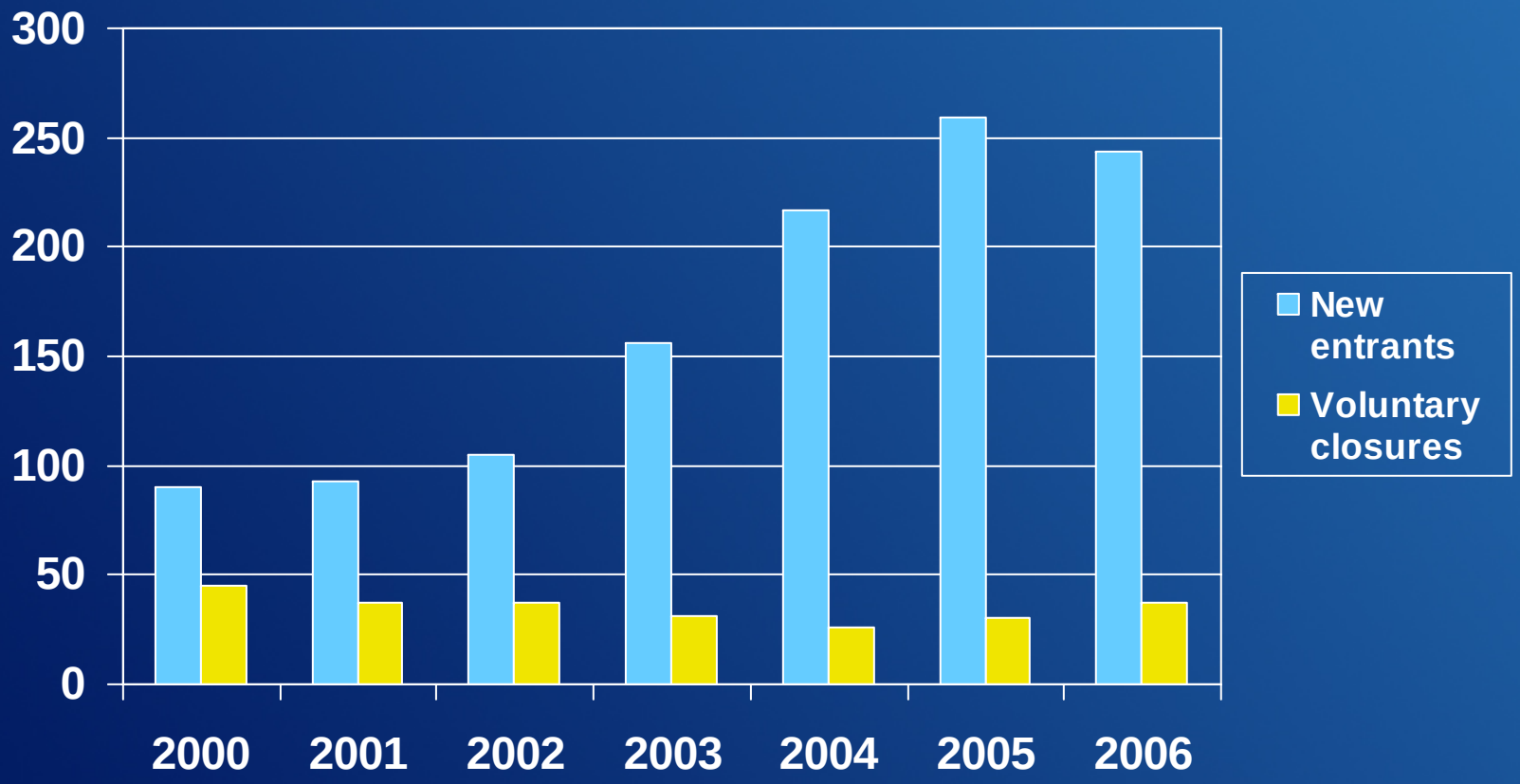
Source: MedPAC analysis of 100% Hospice MDB extract from CMS.

Most hospice growth due to for-profit providers, 2000 - 2006



Source: CMS PDQ system, October 2007.

Number of new Medicare-participating hospices exceeds voluntary closures, 2000 - 2006



Source: CMS PDQ system, October 2007.

States with most hospices per capita have highest hospice cap rate, 2005

State	Number of hospices (2005)	Percent change, 2000 - 2005	Hospices per 10,000 beneficiaries	Percent of hospices reaching cap in 05
Oklahoma	145	88%	**2.9**	28%
Utah	52	**174%**	**2.4**	21%
Mississippi	100	**122%**	**2.3**	36%
Alabama	103	78%	1.5	42%
Arizona	50	35%	0.7	20%
Nevada	11	83%	0.4	0%
Maryland	21	0%	0.3	0%
District Of Columbia	2	-33%	0.3	0%
Rhode Island	4	33%	0.3	0%
New York	51	-6%	0.2	0%

Source: CMS PDQ system (October 18, 2007), MedPAC analysis of 2005 hospice claims standard analytical file (SAF), and Medicare enrollment data from CMS.

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Illustration of incentives for longer LOS

- Parameters
  - First / last day cost: $175
  - Interim day costs: $125
  - Payment per day: $140
- Estimated margins
  - 10 days: 3.6%
  - 45 days: 9.1%
  - 90 days: 9.9%
  - 150 days: 10.2%

Implications of cap and LOS for Medicare beneficiaries' access to hospice care

- Does increase in Medicare hospice LOS mean:
  - That hospice population better mirrors decedent population? Or,
  - That current hospice population represents a benefit expansion?
    - Expansion to include non-traditional patients (increased access)
    - Expansion to include longer length of stay (not necessarily increased access)

Issues for further investigation

- Hospice finances (payments and costs)
- Longer-term reforms to the hospice payment system
  - Eligibility for hospice
  - Incentives in the current per-diem system
  - Case mix issues
  - Hospice benefit carved out of managed care