

Medicare Hospice Expenditures and Units of Care

The President's Mid-Session review for FY 2006 highlighted rapid growth in costs for Medicare hospice services and a need for further examination of expenditure and utilization trends in this area. In response to concerns raised in the Mid-Session review, we have updated our analysis of Medicare hospice data as part of our ongoing monitoring activities in this area. This chart highlights expenditures and units of care trends from Fiscal Year 1995 through Fiscal Year 2005.

Overall, this data analysis indicates that outlays for the benefit have grown considerably, with the most dramatic annual increases between 21 to 26 percent occurring from FY 2001 – 2005. The following represents some key findings:

- The greatest increase in outlay by providers has occurred for freestanding hospices with a 28 percent increase in FY 2001 and 31 percent increases in FY 2003 and 2004. This is followed by a 25 percent increase for skilled nursing facility (SNF) based hospices in FY 2003.
- The greatest increase in outlay by care type is seen in continuous home care (CHC) and physician services. Outlay by physician services exceeded all other care types with a 43 percent increase in FY 2002 and a 30 percent increase in 2003. Continuous home care increased in FY 2003 and FY 2004 by 33 and 31 percent respectively.
- The average length of stay continues to rise with the national average of 64 days in FY 2005. Freestanding facilities continue to have longer lengths of stay at 69 days in FY 2005.
- While expenditures continue to rise at double digits each year, the number of beneficiaries receiving hospice care and the average amount of outlay per beneficiary has been increasing at a much more modest rate.
- In the past 10 years (FY 1995 – 2005) outlays for physician services has risen 641 percent, representing the greatest growth by any category, followed by a 491 percent increase for freestanding hospices.

| | FY95 | FY96 | FY97 | FY98 | FY99 ² | FY00 ² | FY01 | FY02 | FY03 | FY04 | FY05 |
|--|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| 1. Outlays by Provider Type (in millions of \$) | | | | | | | | | | | |
| Freestanding | \$977.1 | \$1,042.3 | \$1,123.1 | \$1,205.7 | \$1,445.1 | \$1,739.8 | \$2,229.2 | \$2,911.9 | \$3,818.5 | \$4,724.7 | \$5,770.5 |
| Hospital Based | \$319.3 | \$331.1 | \$345.3 | \$373.4 | \$399.9 | \$465.1 | \$538.5 | \$648.5 | \$755.6 | \$876.0 | \$966.6 |
| SNF Based | \$26.0 | \$24.5 | \$12.9 | \$16.8 | \$17.1 | \$18.5 | \$21.8 | \$22.1 | \$27.7 | \$32.3 | \$28.9 |
| HHA Based | \$508.1 | \$546.1 | \$543.0 | \$575.1 | \$572.9 | \$672.1 | \$821.2 | \$934.1 | \$1,080.5 | \$1,264.3 | \$1,388.9 |
| Total | \$1,830.5 | \$1,944.0 | \$2,024.3 | \$2,171.0 | \$2,435.1 | \$2,895.5 | \$3,610.7 | \$4,516.6 | \$5,682.3 | \$6,897.3 | \$8,154.9 |
| 2. Outlays By Care Type (in millions of \$) | | | | | | | | | | | |
| Routine Home Care | \$1,611.6 | \$1,701.5 | \$1,769.5 | \$1,888.7 | \$2,111.2 | \$2,508.2 | \$3,137.6 | \$3,929.8 | \$4,953.8 | \$6,056.2 | \$7,182.1 |
| Continuous Home Care | \$25.6 | \$29.2 | \$28.5 | \$32.1 | \$34.9 | \$45.7 | \$58.9 | \$70.3 | \$93.4 | \$122.0 | \$148.2 |
| Inpatient Respite | \$4.4 | \$4.7 | \$4.8 | \$5.4 | \$5.7 | \$6.4 | \$7.7 | \$8.8 | \$10.1 | \$11.9 | \$14.0 |
| General Inpatient Care | \$179.1 | \$197.6 | \$209.5 | \$231.7 | \$267.0 | \$314.2 | \$380.1 | \$470.4 | \$576.3 | \$649.1 | \$737.3 |
| Physician Services | \$9.8 | \$11.0 | \$12.1 | \$13.1 | \$16.3 | \$20.9 | \$26.3 | \$37.5 | \$48.7 | \$58.3 | \$72.6 |
| Total | \$1,830.5 | \$1,944.0 | \$2,024.4 | \$2,171.0 | \$2,435.1 | \$2,895.5 | \$3,610.6 | \$4,516.8 | \$5,682.3 | \$6,897.5 | \$8,154.2 |
| 3. Average \$ Amount Per Beneficiary | | | | | | | | | | | |
| Freestanding | \$6,451 | \$6,157 | \$5,796 | \$5,689 | \$5,690 | \$5,889 | \$6,583 | \$7,408 | \$8,416 | \$9,249 | \$9,894 |
| Hospital Based | \$5,740 | \$5,333 | \$5,028 | \$5,129 | \$5,214 | \$5,336 | \$5,708 | \$6,369 | \$7,048 | \$7,610 | \$8,220 |
| SNF Based | \$6,079 | \$5,953 | \$5,079 | \$5,122 | \$5,537 | \$5,474 | \$6,026 | \$6,567 | \$7,736 | \$8,392 | \$8,652 |
| HHA Based | \$5,569 | \$5,313 | \$4,949 | \$5,084 | \$5,145 | \$5,256 | \$5,735 | \$6,440 | \$7,256 | \$7,815 | \$8,417 |
| Total¹ | \$6,049 | \$5,747 | \$5,402 | \$5,412 | \$5,471 | \$5,635 | \$6,228 | \$7,021 | \$7,965 | \$8,713 | \$9,382 |
| 4. # of Unduplicated Beneficiaries | | | | | | | | | | | |
| Freestanding | 151,466 | 169,285 | 193,765 | 211,952 | 253,981 | 295,429 | 338,639 | 393,061 | 453,712 | 510,821 | 583,254 |
| Hospital Based | 55,631 | 62,081 | 68,688 | 72,804 | 76,705 | 87,163 | 94,348 | 101,826 | 107,206 | 115,116 | 117,597 |
| SNF Based | 4,272 | 4,124 | 2,547 | 3,288 | 3,097 | 3,388 | 3,619 | 3,367 | 3,581 | 3,854 | 3,335 |
| HHA Based | 91,239 | 102,783 | 109,723 | 113,096 | 111,363 | 127,860 | 143,195 | 145,049 | 148,901 | 161,777 | 165,015 |
| Total | 302,608 | 338,273 | 374,723 | 401,140 | 445,146 | 513,840 | 579,801 | 643,303 | 713,400 | 791,568 | 869,201 |

| 5. Average # of Days A Beneficiary Elects Hospice Care | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Freestanding | 62.9 | 58.5 | 53.4 | 50.8 | 47.1 | 50.4 | 53.8 | 57.2 | 62.5 | 66.5 | 69.0 |
| Hospital Based | 56.7 | 51.6 | 47.9 | 44.1 | 41.4 | 44.2 | 45.2 | 47.6 | 49.7 | 51.3 | 52.6 |
| SNF Based | 49.3 | 47.7 | 39.9 | 41.0 | 38.0 | 41.5 | 43.7 | 43.9 | 50.7 | 53.9 | 54.9 |
| HHA Based | 53.8 | 50.0 | 45.9 | 44.0 | 40.7 | 42.6 | 43.9 | 45.6 | 48.5 | 50.8 | 53.6 |
| Total¹ | 58.8 | 54.5 | 50.1 | 47.6 | 44.5 | 47.3 | 49.9 | 53.0 | 57.6 | 61.0 | 63.8 |
| 6. # of Units By Care Type | | | | | | | | | | | |
| Routine Home Care (days) | 17,257,734 | 17,862,843 | 18,189,764 | 18,454,749 | 20,236,689 | 23,498,838 | 27,965,245 | 33,028,464 | 39,898,744 | 47,054,341 | 53,999,676 |
| Continuous Home Care (hrs) | 1,129,697 | 1,193,623 | 1,190,982 | 1,303,204 | 1,398,793 | 1,826,803 | 2,228,472 | 2,510,587 | 3,212,941 | 4,048,227 | 4,748,147 |
| Inpatient Respite (days) | 45,932 | 47,218 | 47,790 | 47,905 | 49,530 | 54,332 | 62,810 | 67,620 | 75,481 | 85,389 | 96,646 |
| General Inpatient Care (days) | 418,093 | 451,396 | 470,593 | 502,199 | 565,875 | 655,753 | 756,583 | 885,337 | 1,045,845 | 1,138,866 | 1,250,678 |
| Physician Services (procedure) | 165,066 | 185,970 | 200,376 | 204,624 | 243,270 | 291,648 | 365,202 | 478,272 | 573,545 | 639,872 | 778,906 |

Source: Standard Analytical Files - 100% Final Action Claims

¹Weighted by the number of beneficiaries in each hospice type.

²FY99 and FY00 figures are based on claims from hospices open during FY02.