

# Value of Hospice in Medicare Report: Better Care, Lower Costs

April 12, 2023



1

BACKGROUND: RATIONALE FOR THE STUDY

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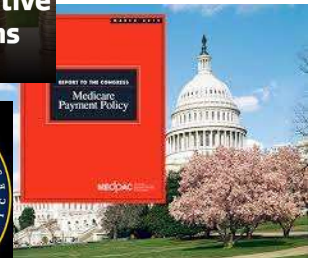
## Hospice field needed comprehensive value analysis now

- **Medicare Hospice use is growing**
  - Utilization
    - 2010: ~1.1 million served
    - 2021: ~1.7 million served
  - Spending
    - 2010: ~\$13 billion
    - 2021: ~\$23 billion
- **Corresponding policy spotlight**
  - MedPAC recommendations to cut hospice
  - Increased audit and oversight activity
- **Education needed for policymakers on dynamic value of hospice**

Hospice News

**Hospice Market to Nearly Double by 2030; Palliative Care to See Large Gains**

By Holly Vossell | September 29, 2022



2

1

**NORC** at the University of Chicago

Objective, nonpartisan, research organization that delivers insights and analysis decision-makers trust.

**Value of Hospice in Medicare:** Original research conducted by NORC at the University of Chicago. NORC is an independent research institution that delivers reliable data and rigorous analysis to guide critical programmatic, business, and policy decisions. Since 1941, NORC has conducted groundbreaking studies, created and applied innovative methods and tools, and advanced principles of scientific integrity and collaboration. Today, government, corporate, and nonprofit clients around the world partner with NORC to transform increasingly complex information into useful knowledge.

Research You Can Trust™

3

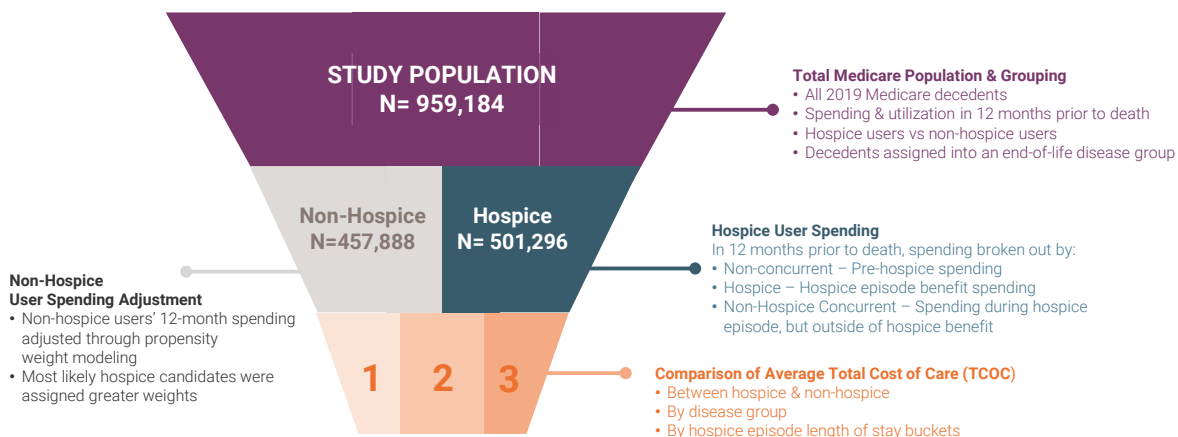
PROJECT OVERVIEW: NEXT SEMINAL STUDY OF HOSPICE CARE IN THE U.S. 4

NORC's "Value of Hospice" study is one of the **most statistically grounded** comparative assessments of hospice spending to date

<p><b>2.3M</b></p> <p>Population study included 2.3M Medicare-enrolled decedents; 500k Medicare FFS Hospice users</p>	<p><b>12 mos</b></p> <p>Aggregated all spending and utilization of care services in 12 months prior to death</p>	<p><b>Frailty</b></p> <p>Risk adjustment included a newly developed claims-based "frailty index"</p>
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NORC analyzed administrative claims data to estimate the impact of hospice use on Medicare spending and utilization of care



5

# KEY FINDINGS

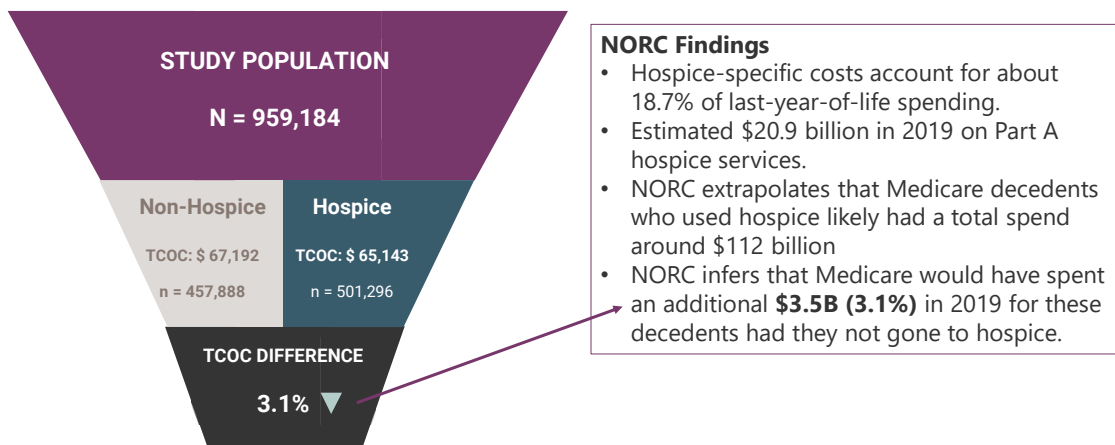


6

*The average hospice users' total cost of care was **3.1% lower** than non-hospice users over the last 12 months of life. This translates to an estimated **\$3.5 billion less in Medicare outlays** for beneficiaries in their last 12 months of life*

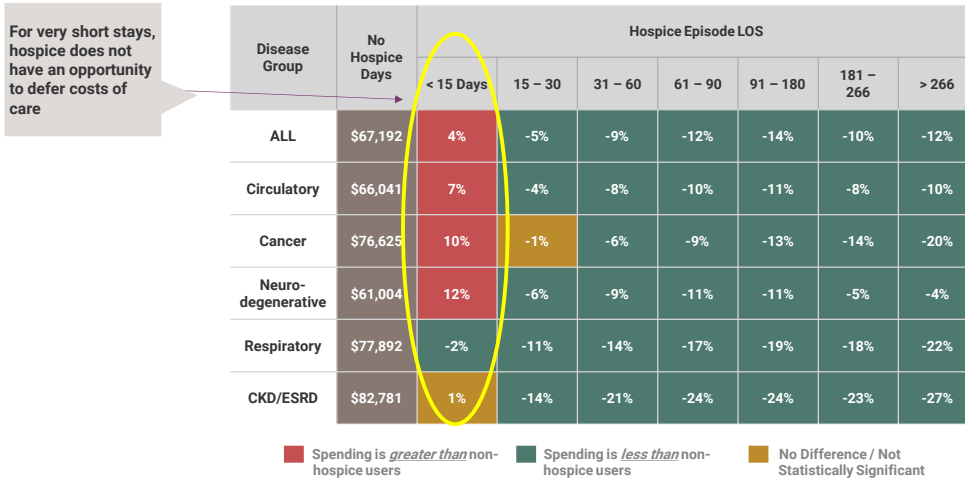
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Study found that hospice showed the most value for Medicare beneficiaries with CKD/ESRD or Respiratory conditions—lower relative value for Cancer and Neurodegenerative conditions



8

Total Costs of Care by Disease Group and Hospice Episode LOS

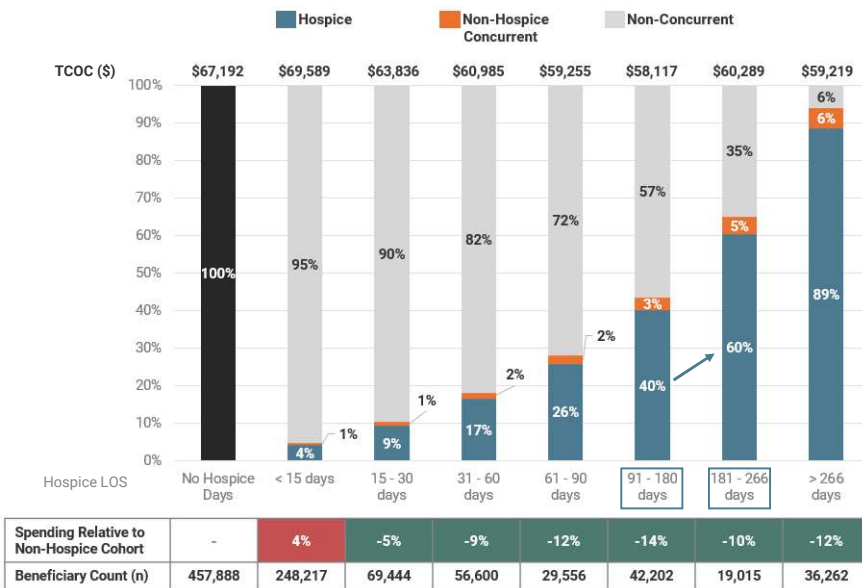


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*For 90% of hospice stays, hospice spending is less than HALF of total costs of care*

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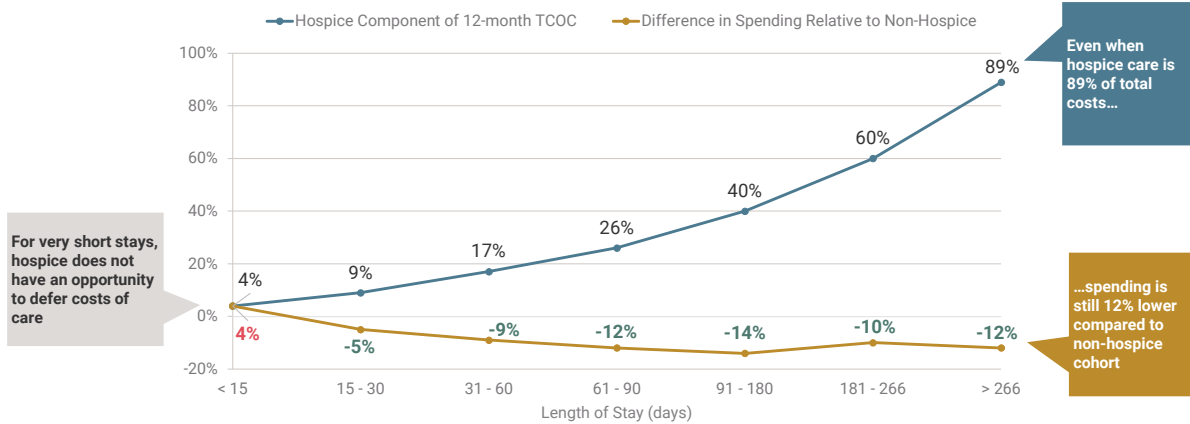
ALL Disease Groups – Spending Breakdown by Hospice LOS



Spending outside the hospice benefit drives the greatest financial impact to Medicare costs—for hospice and non-hospice users

11

Over the last 12 months of life, as hospice use increases, total spending decreases relative to non-hospice users



For very short stays, hospice does not have an opportunity to defer costs of care

Even when hospice care is 89% of total costs...

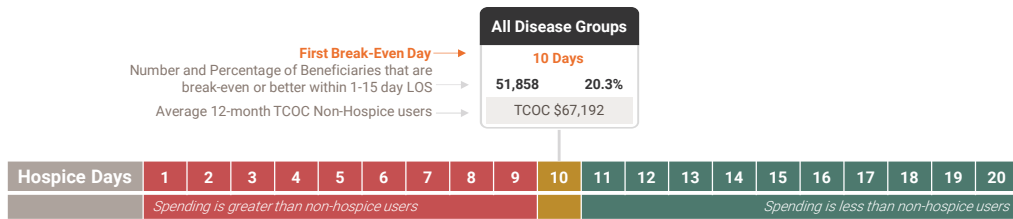
...spending is still 12% lower compared to non-hospice cohort

12

*Earlier enrollment into hospice may generate Medicare savings*

13

Hospice stays longer than 10 days are associated with greater value to Medicare, potentially deferring alternative high-cost EOL treatment



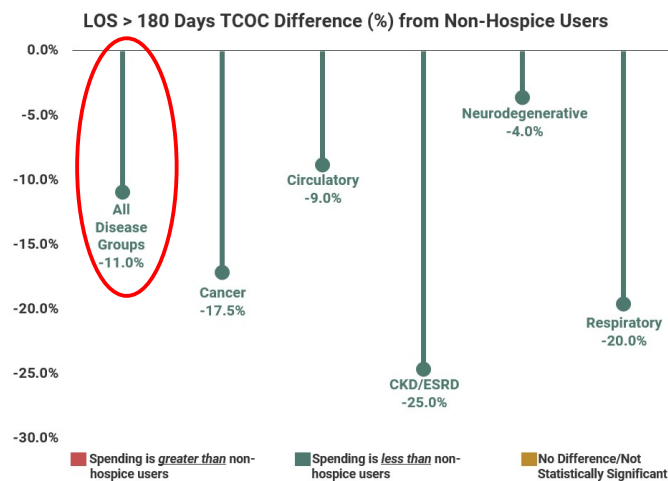
\*Total beneficiary count includes LOS between 1-17, due to breakeven at 17 days

14

*Total Medicare spending for hospice users with a **LOS > 6 months** is still lower than non-hospice decedents, even for Neurodegenerative conditions*

15

NORC's analysis found that hospice spending for all-disease groups is 11% lower compared to non-hospice users for stays exceeding 6 months



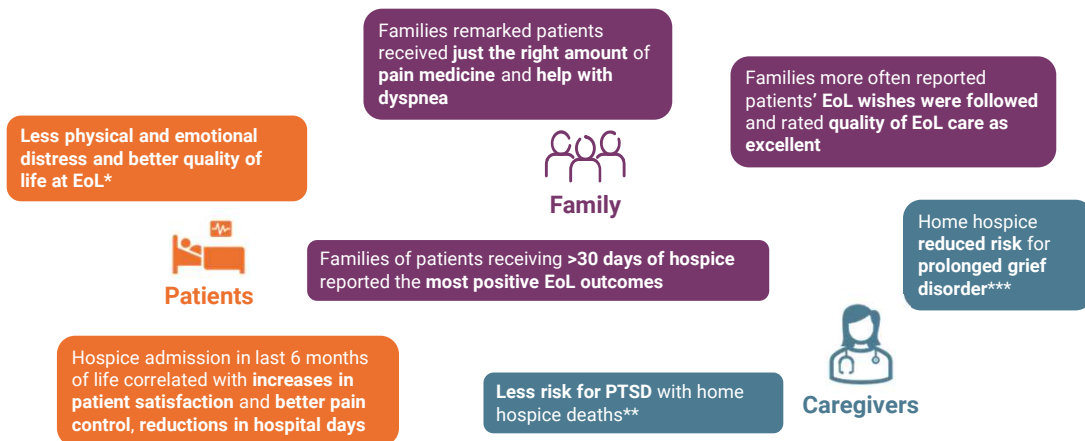
16

***“Greater utilization of hospice during the last 6 months of life is associated with improved patient experience and clinical outcomes”***

*- Kleinpell et al. 2019*

17

Published literature and research reinforce the experiential value that hospice provides to patients, families, and caregivers



\*Cancer patients, when comparing death in hospital to death in hospice \*\*Compared to death in ICU \*\*\*Compared to hospital deaths

18

## Policy implications of NORC findings

- Congress & CMS should work on **policies to increase access to hospice** and ensure people are on long enough to get maximum quality-of-life benefits (which will simultaneously drive savings to Medicare)
- **Calls to cut hospice payments** (Ex. MedPAC 20% cap cut recommendation) not only threaten to reduce access, but they are **fiscally shortsighted** and do not account for the significant savings MHB utilization drives to the Medicare program
- Overly **intense audit activity** focused on LOS >180 days that burdens many compliant hospices is **misplaced**

19

## Potential policy areas: Improving more timely access to hospice

- Expanded advanced care planning awareness and utilization
- New upstream provider education on hospice and potential new accountable quality measures for timely referral to hospice
- Test a Medicare Care Choices Model (MCCM) 2.0 -type palliative care demonstration that serves as a transition to the Medicare Hospice Benefit.
- Exploration of expensive palliative-curative straddling treatments that may be a barrier to people choosing hospice when it could be most helpful



20

## The importance of advocacy



- **NAHC March on Washington (3/28/23):** Over 150 Capitol Hill meetings; NORC study education was a top hospice priority
- **NHPCO Hospice Action Week:** Coming soon on June 6-7, 2023

Don't assume your elected officials understand the value of hospice – use NORC to show them why MHB needs to be protected and strengthened

21

## Learn More and Access Helpful Resources on NORC Study



<https://www.nhpc.org/hospiceworks#resources>



<https://www.nahc.org/hospiceworks/>

### Resources include:

- Full report
- Executive Summary
  - PPT Deck
- 2-pager summary (geared towards policymakers)
  - FAQs
- Member media toolkit

22

# *QUESTIONS*