National Partnership for Hospice Innovation
The not-for-profit voice for advanced illness, hospice, and palliative care

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NEW REPORT ON HOSPICE CARE SHOWS COST AND QUALITY DIFFERENCES BETWEEN NONPROFIT AND FOR-PROFIT HOSPICES

Washington, DC—A report released today by the National Partnership for Hospice Innovation (NPHI) highlights several cost and quality differences between for-profit and nonprofit hospices serving Medicare beneficiaries. The report, prepared by the global actuarial and consulting firm Milliman, confirms three differences between the hospice types. Compared to for-profit hospices, nonprofits:

1. Report higher costs per day for direct patient care

2. Have fewer patients who discontinue hospice care

3. Generate lower Part A costs for Medicare in the subsequent 90 days among those patients who do decide to discontinue hospice care.

Tom Koutsoumpas, President and CEO of NPHI, remarked, "NPHI commissioned this report because we want to contribute to the understanding of the differences and similarities in financial performance and quality of care between nonprofit and for-profit hospices serving Medicare beneficiaries. And, we hope that Congress, the executive branch, hospice and palliative care providers, and other interested stakeholders will integrate this report's findings into their ongoing work to support and increase access to high quality end-of-life care for all beneficiaries of Medicare."

Some of the report's other key findings include:

- Inpatient stays: Nonprofit hospices enroll a higher percentage of patients who had an inpatient stay immediately prior to their hospice admission. This finding suggests they may be high-acuity patients with greater care needs on hospice enrollment.

- Support services: For-profit hospices report lower spending and fewer visits per patient- day for nursing care, therapy, and social worker services than nonprofit hospices.

- Advertising: For-profit hospices report spending over 300% more on advertising costs than nonprofit hospices.

- Bereavement services: For-profit hospices report spending less than half what nonprofit hospices report on bereavement services.

- Discharges: Compared to nonprofit hospices, for-profits have nearly twice the rate of live discharges. Patients discharged alive from for-profit hospices went on to incur higher Medicare Part A costs in the weeks and months post-discharge.

- Wide difference in margins: In 2017, nonprofit hospice programs operated at a net aggregate Medicare margin of 3.0 percent, while for-profit programs operated with a margin of 19.9 percent. This finding of a significant differential in the Medicare margin is consistent with the last several annual reports by the Medicare Payment Advisory Commission (MedPAC), a nonpartisan Congressional advisory panel.

John Richardson, NPHI Chief Strategy Officer, stated, “We believe the findings of this deeply- researched expert report are consistent with and reinforce the findings of the most recent reports on the Medicare hospice benefit from the HHS Office of Inspector General, Government Accountability Office, and the Medicare Payment Advisory Commission. All have found significant differences between nonprofit and for-profit hospices in the stewardship of Medicare dollars and the quality of care for Medicare beneficiaries.”

Richardson added, “We urge policymakers to read this new report that adds to the understanding of the real differences between nonprofit and for-profit hospices. There are differences in the way hospice care is delivered to Medicare beneficiaries—both the quality of care and the total cost of care—two increasingly important distinctions as the number of Medicare beneficiaries seeking hospice care grows dramatically in the years ahead.”

And Richardson continued, “NPHI appreciates MedPAC’s recent discussion of a policy option to lower the Medicare aggregate hospice spending cap that carefully distinguished between the impacts such a policy would have on nonprofit and for-profit hospices. We urge all policymakers to take these differences into consideration when debating changes to the Medicare hospice benefit.”

The Milliman report is available here.