



Financial Considerations in Hospice Care

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Medical professionals understand that hospice care provides comfort and dignity for patients in their last months. However, it is less well known that those same services prove financially advantageous for Medicare, hospitals, and patients. When Medicare implemented the hospice benefit in 1982, the motivation was simply patient rights, comfort, and dignity. Only afterwards did a growing body of evidence begin to show that patients referred to hospice care use fewer healthcare resources than other risk adjusted comparison groups.¹⁴

It is very important to note that savings from hospice care do not come from shortened life. In fact, the preponderance of evidence demonstrates that **patients who choose hospice care live longer than their risk adjusted peers who seek cure-directed treatment.**^{4,8} Watch for future editions of this bulletin for a more thorough discussion of the correlation between election of hospice care and longer life. Hospice creates cost savings despite the fact that patients receiving hospice live longer on average. Researchers credit hospice savings to decreased emergency department visits, fewer rehospitalizations, increased use of DNR orders, and increased utilization of family and social support networks. It is also important to note that increasing the participation of family and friends does not typically place undue burden on them. Because loved ones feel a need to have meaningful involvement in a dying person's care and because hospice views dying as a natural process and attempts to preserve patient autonomy and dignity, hospice actually increases patient / family satisfaction with end-of-life care.^{8,9}

In as much as 95% of days in hospice care entail routine homecare,¹¹ people not familiar with Medicare reimbursement may assume that hospice is in competition with hospitals. In fact, financial analysis suggests that those **hospitals that are well coordinated with their local hospice programs realize greater profitability.**¹² Medicare reimbursement penalizes long lengths of stay and prompt readmissions for the same diagnosis. By minimizing readmissions and shortening average length of stay, hospice care actually improves profitability for hospitals.

The most recent analysis showed hospice generating an average savings of \$2,654 per patient.⁴ However, the authors point out that this analysis and all previous analyses understate the total savings in national healthcare spending. These analyses only tally the spending on the part of third-party payors such as Medicare and Medicaid but do not analyze the spending of individuals and families. Normal prescription and hospital benefits under Medicare can require significant deductibles and co-pays, but the hospice benefit typically pays 100% of costs for drugs, equipment, nursing, therapy, and respite in-patient stays. **The hospice program generates savings for state and federal healthcare funds while simultaneously decreasing or eliminating the cost sharing to families.** Therefore, the actual savings in national spending will be even greater than the dollar figures put forward by these analyses.

Of course, clinicians correctly concern themselves with benefits to their patients much more than they concern themselves with saving money for payors. Nonetheless, in the face of financially beleaguered systems nationwide, our society has appointed clinicians as gatekeepers for state and national healthcare dollars. As clinicians explain hospice to families as an option for comfort, counseling, and dignity, they can also have the personal satisfaction of knowing that hospice serves the nation as well as it serves the family.



Hospice Pays 100% for the cost of drugs, equipment, and respite hospitalization related to the hospice diagnosis.

***Please offer Advantage Home Health & Hospice
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