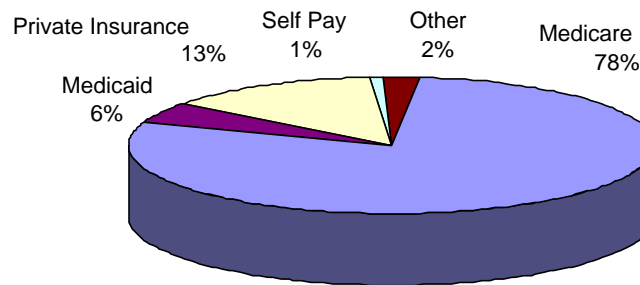


# Frequently Asked Hospice Finance Questions

## Hospice level of care and pay source

In 2003, 95.5% of the days of service were routine home care, 3.4% of the days were inpatient care, 0.2% respite care, and 0.9% continuous home care. Upon admission, the vast majority claimed hospice Medicare days as their payment source. Other payment sources may include, (but are not limited to) Workers' Compensation, Home Health Benefits, and donations. In addition, hospice providers received an average of 12% of their revenues from charitable contributions. ((NHPCO).

Sources of Payment for Hospice Care



Source: 2003 NHPCO National Data Set Summary Report

## What are the cost, savings, and financial concerns of hospice care?

### Medicare

A 1995 Lewin-VHI study showed that for every dollar Medicare spent on hospice, it saved \$1.52 in Medicare Part A and Part B expenditures. The 1995 study also showed that in the last year of life, hospice patients incurred \$2,737 less in costs than those not enrolled under the Medicare Hospice Benefit. These savings totaled \$3,192 in the last month of life, as hospice home care days often substituted for expensive hospitalizations. A 1988 study conducted by the Health Care Financing Administration showed savings of \$1.26 for every Medicare dollar spent on hospice. Twenty-eight percent of all Medicare reimbursements go towards the care of people in their last year of life; almost 50% of those costs are incurred in the last two months of life. A 2001 report on the cost of routine home care in 1999 for Medicare hospice patients, conducted by Milliman USA for NHPCO, found that the cost of daily care was 10-20% more than Medicare reimbursement (\$117.10).



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## **Medicaid**

A 2003 study by Milliman USA entitled “Value of Hospice Benefit to Medicaid Programs” revealed that the hospice benefit provided to Medicaid beneficiaries coping with life-limiting illnesses results in significant cost savings to states. For example, the study maintains that hospice care annually saves Medicaid \$282 million nationwide or approximately \$7,000 per hospice-eligible beneficiary.

The Milliman report also indicated that, of the approximately 64,000 Medicaid beneficiaries dying in hospitals across the country each year, about 70% of them suffered from typical hospice diagnoses. Many more Medicaid recipients could benefit from the interdisciplinary end-of-life care provided by hospice, while saving the state significant dollars.

## **Location of death**

In 2003, for all Americans who died, less than 50% died in a hospital, about 25% died at home, and another 25% died in a nursing facility. For those patients who died under hospice care, 50% died at home, 23% died in a nursing facility, 7% died in a hospice unit, 9% died in a hospital, 7% died in a free-standing inpatient facility operated entirely by the hospice, and 4% died in a residential care setting.

## **How much care are hospice patients receiving?**

In 2003, there was an average of 39 staff visits per admission and 1.4 days between visits. The average patient received a total of five visits per week from hospice workers.

## **How does hospice serve patients and families?**

Hospice care is a family-centered approach that includes at a minimum a team of doctors, nurses, social workers, counselors, and trained volunteers. They work collaboratively focusing on the dying patient’s needs, whether physical, psychological or spiritual. The goal is to help keep the patient as pain-free and lucid as possible, with loved ones near by until death.

Below is a list of services available to Medicare hospice recipients:

- Physician services for the medical direction of the patient’s care.
- Regular home visits by registered nurses and licensed practical nurses.
- Home health aides and homemakers for services such as dressing and bathing.
- Social work and counseling.
- Medical equipment such as hospital beds.
- Medical supplies such as bandages and catheters.
- Drugs for symptom control and pain relief.
- Volunteer support to assist patients and loved ones.
- Physical therapy, speech therapy, occupational therapy and dietary counseling.