

The Value of Hospice in Medicare: Groundbreaking Research



HAN

Hospice Action Network

Overview

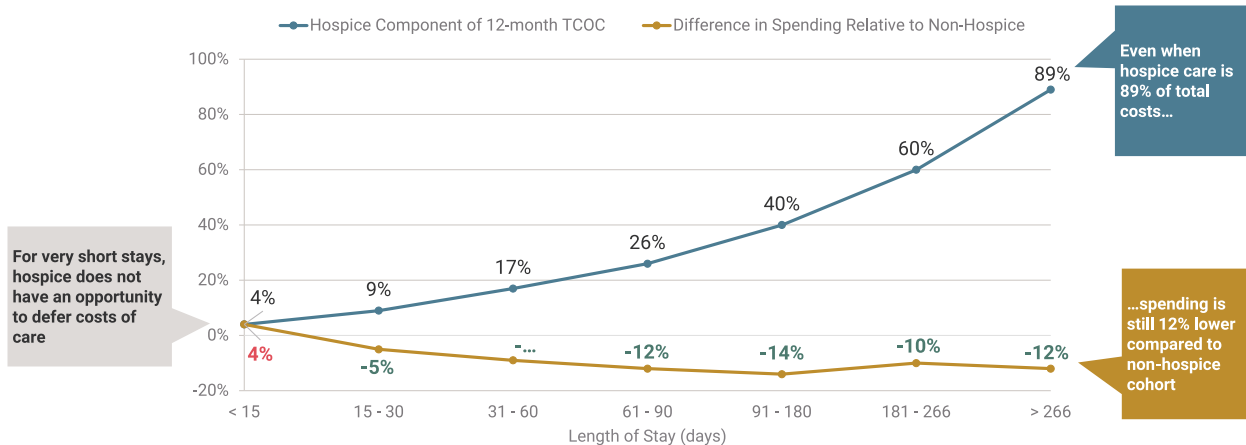
The **National Hospice & Palliative Care Organization (NHPCO)** and the National Association for Home Care & Hospice (NAHC) commissioned the University of Chicago's NORC research team to assess the value of hospice to the Medicare program and its beneficiaries, plus their families and caregivers. The study is one of the most comprehensive analyses of enrollment and administrative claims data for Medicare patients.

NORC assessed the value of Medicare's hospice benefit by using administrative claims data to estimate the impact of hospice use on Medicare spending. NORC analyzed use of health services and costs of care for the last 12 months of life for 960,000 beneficiaries. This sample includes nearly 500,000 people who used hospice prior to death. NORC compared the outcomes of Medicare beneficiaries who stayed in hospice immediately prior to death to Medicare decedents who did not have a hospice stay but otherwise had a similar risk profile. Differences in chronic status, end-of-life (EOL) diagnoses, and demographics between the two populations were addressed with a propensity weight model.

NORC found that in 2019 (the last year pre-COVID-19 data was available), the total costs of care for Medicare beneficiaries who used hospice was 3.1% lower than those who did not, and that earlier enrollment in hospice and longer lengths of stay reduce overall Medicare spending.

A comprehensive March 2023 study by the National Bureau of Economic Research (NBER) confirmed similar findings. In an analysis of the impact of select hospices' care of patients with Alzheimer's Disease and Related Dementias, NBER found that hospice was welfare-improving while reducing Medicare spending significantly.

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



The Value of Hospice in Medicare: Groundbreaking Research

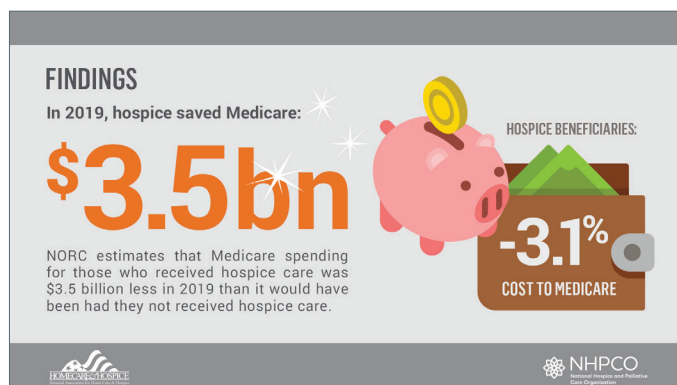


HAN

Hospice Action Network

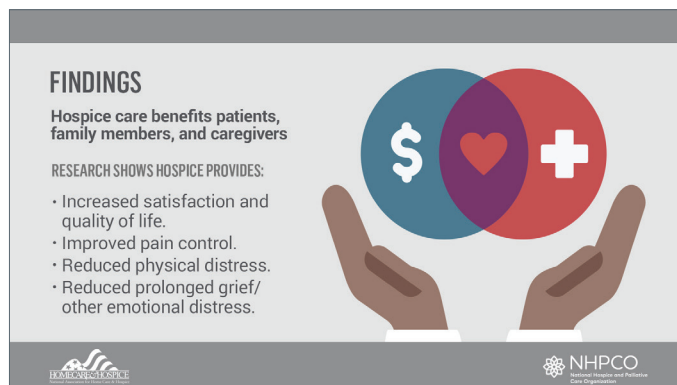
Key findings from the NORC study:

- Medicare spending for those who received hospice care was **3.1% lower**, which translates to **\$3.5 billion less** than similar individuals who did not use hospice care.
- **On average, earlier enrollment in hospice** (stays of 11 days or more) resulted in lower Medicare costs.
- Hospice stays of six months or more add value to Medicare. For patients who spent six months or more in hospice, Medicare spending was on **average 11% lower** compared to similar patients who did not use hospice.
- **At any length of stay**, hospice care benefited patients, family members, and caregivers. Reported benefits included increased satisfaction and quality of life, improved pain control, reduced physical and emotional distress compared to non-hospice patients. Families and caregivers reported reduced prolonged grief.



What this means for hospice policy:

- Hospice care **saves money for taxpayers** and **improves end-of-life care** for millions of Americans. Yet roughly half of Medicare patients never use hospice. Many who enter hospice care are only in it for a short period of time.
- We need support for policies that enable more patients to access hospice when the time is right. Longer lengths of stay, when appropriate, will provide **greater benefits to patients and the Medicare system**.
- We need **opposition** to policies that would cut hospice payments. Such policies would have negative consequences for quality of care, access to care, and taxpayer dollars.



The Takeaway:

Questions about the future of the Medicare Trust Fund remain, while Americans have a growing demand for hospice care. Policymakers must support measures that increase value and reduce costs, while keeping the focus on high-quality care for patients. This research shows that any effort to save on costs will not be achieved by reducing hospice expenses. Rather, investment in hospice and the quality care it offers should be increased.

For more information, contact Logan Hoover at lhoover@nhpco.org.