

ONLINE APPENDIXES

12

Hospice services

12-A

ONLINE APPENDIX

**Additional data on
hospices that exceed the
annual aggregate cap on
Medicare payments**

This appendix provides additional data on hospices that exceed the annual aggregate cap on Medicare payments. The cap limits the aggregate Medicare payments that an individual hospice can receive in a given year. It was implemented at the outset of the hospice benefit to help ensure that Medicare payments did not exceed the cost of conventional care for patients at the end of life. Under the cap, if a hospice's total Medicare payments exceed its total number of Medicare beneficiaries served multiplied by the cap amount (\$25,377.01 in 2012), it must repay the excess to the program. In 2010, an estimated 10.1 percent of hospices exceeded the cap. Above-cap hospices are more likely to be for profit, freestanding providers and to have fewer patients than below-cap hospices.

Above-cap hospices have substantially longer lengths of stay than other hospices. For example, 39 percent of hospice patients in 2010 had stays beyond 180 days in above-cap hospices compared with 19 percent in below-cap hospices (Table 12-A1). The share of above-cap hospice patients with stays exceeding 180 days declined slightly between 2009 (42 percent) and 2010 (39 percent), but a substantial difference in length of stay remains between above-cap and below-cap hospices. While above-cap hospices treat more patients with conditions that tend to have longer lengths of stay (e.g., Alzheimer's disease and other neurological conditions), within each diagnosis

**TABLE
12-A2**

Hospice live discharges as a percent of all hospice discharges by diagnosis for above-cap and below-cap hospices, 2010

Diagnosis	Above-cap hospices	Below-cap hospices
All	40%	16%
Cancer	19	10
Neurological conditions	31	16
Heart/circulatory	41	14
Debility	46	21
COPD	45	20
Other	55	26

Note: COPD (chronic obstructive pulmonary disease).

Source: MedPAC analysis of 100 percent hospice standard analytical file (claims data) and the denominator file from CMS.

group, above-cap hospices had longer stays than below-cap hospices. For example, 44 percent of hospice patients with chronic obstructive pulmonary disease in 2010 had stays beyond 180 days in above-cap hospices, compared with 25 percent of patients in below-cap hospices.

One other facet of hospice care we examine is the frequency with which hospice providers' patients do not remain in hospice until death. While some patients improve while under hospice care (often referred to as the "hospice effect") and revoke their election or choose to withdraw from hospice and return to conventional care for other reasons, the fact that there are providers with unusually high rates of patients being discharged alive raises concerns that some hospices may be pursuing business models that seek patients likely to have long stays who may not meet the hospice eligibility criteria and then discharge them when substantial cap liabilities are incurred. It is also possible that in some cases unusually high live discharge rates could be an indicator of hospice patients' dissatisfaction with the quality of care furnished by an individual hospice provider. In 2010, just under 18 percent of discharges were live discharges across all hospice providers. Above-cap hospices had substantially higher rates of patients discharged alive from hospice. In 2010, about 40 percent of discharges in above-cap hospices involved patients who were discharged alive compared with 16 percent of discharges in below-cap hospices (Table 12-A2). This pattern holds true when

**TABLE
12-A1**

Hospice length of stay by diagnosis for above-cap and below-cap hospices, 2010

Percent of hospice users in 2010 with hospice length of stay beyond 180 days

Diagnosis	Above-cap hospices	Below-cap hospices
All	39%	19%
Cancer	16	9
Neurological conditions	46	30
Heart/circulatory	41	18
Debility	39	23
COPD	44	25
Other	47	23

Note: COPD (chronic obstructive pulmonary disease). Data reflect the percent of hospice users in 2010 whose lifetime length of stay in hospice as of 2010 was greater than 180 days.

Source: MedPAC analysis of 100 percent hospice standard analytical file (claims data) from CMS.

comparing patients with similar diagnoses. For example, among patients with heart and circulatory conditions discharged from hospice in 2010, 41 percent of discharges by above-cap hospices were live discharges compared with 14 percent in below-cap hospices. Between 2009 and

2010, the rate of live discharges (i.e., live discharges as a percent of all discharges) declined slightly in above-cap hospices from 44 percent to 40 percent but still remains substantially above the rate in below-cap hospices. ■