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Who We Are

The National Hospice and Palliative Care Organization (NHPCO) is the largest membership organization representing hospice and palliative care programs and professionals in the United States. We represent over 3,800 hospice programs that care for the vast majority of hospice patients in the US. NHPCO is committed to improving end-of-life care and expanding access to hospice so that individuals and families facing serious illness, death, and grief will experience the best care that humankind can offer.

HOSPICE OPERATIONS AND THE MEDICARE HOSPICE BENEFIT

Tax Status

Hospice agencies are organized into three tax status categories:

1. **Not-for-profit** (charitable organization subject to 501(c)3 tax provisions)
2. **For-profit** (privately owned or publicly held entities)
3. **Government** (owned and operated by federal, state, or local municipality)

Based on NHPCO membership and survey data, 49% of providers hold not-for-profit tax status and 47% hold for-profit status. Government-owned programs, such as U.S. Department of Veterans Affairs medical centers and county-run hospices, comprise the smallest percentage of hospice providers at about 4% (Figure 1).

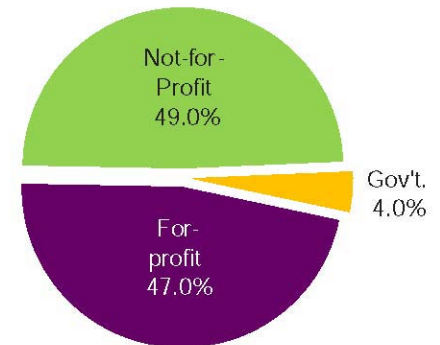


Figure 1. Tax Status Distribution

Margins & Medicare Expenditures

According to recent MedPAC data, **hospice margins average only 7.1 percent**, or 5.3 percent once all statutorily mandated services are taken into consideration.

Medicare spending on hospice has risen to nearly \$12 billion per year, which still comprises only about 2 percent of Medicare expenditures. This growth in spending on hospice reflects several important factors, including greater awareness of hospice care, which has led to increased utilization of the Medicare hospice benefit. Additionally, hospices have grown as they are serving more patients with non-cancer terminal diagnoses such as heart disease, COPD and Alzheimer's.

Cost Savings Hospice use reduces Medicare program expenditures during the last year of life by an average of \$2,309 per hospice user, according to a 2007 Duke University study.

Length of Service

How long do most patients receive care? The total number of days that a hospice patient receives care is referred to as the length of service (or length of stay). LOS can be influenced by a number of factors including disease course, timing of referral, and access to care. **The median (50th percentile) LOS is about 21 days.** This means that half of hospice patients receive care for less than three weeks and half receive care for more than three weeks. **The average LOS is 69 days.** End-of-life care experts agree that a minimum two-month LOS is optimal for hospice patients.

Short and Long LOS Approximately 34.4% of hospice patients receive care for just seven days or less. 48.5% of patients die or are discharged within 14 days of admission. Only 11.8% of patients remain under hospice care for longer than 180 days (Figure 2). This high percentage of shorter LOS is consistent over the past several years.

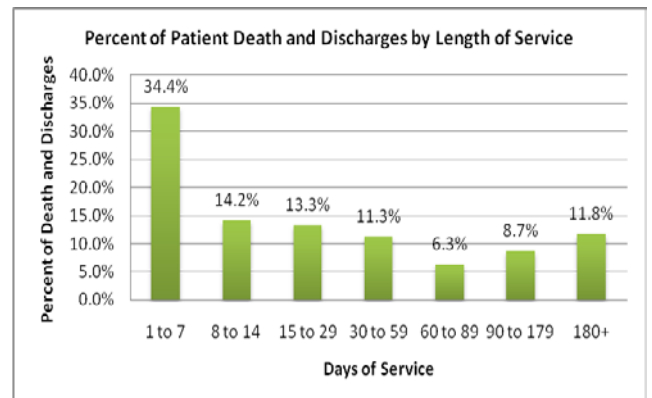


Figure 2. Percent of Patient Death and Discharges by LOS

Six Months A patient is eligible for hospice care if two physicians determine that the patient has six months or less to live. Patients must be re-assessed for eligibility at regular intervals, but there is no limit on the amount of time a patient can then spend under hospice care.