*ah HA! News from . . .*

# *Hospice Analytics*

***Never Underestimate the power of data!***

Fall 3 2014

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## FREE InfoMAX Demo Webinar, Nov. 13

Attend a **FREE, half-hour** webinar to learn more about the power of data in your budgeting and planning process and to see InfoMAX in action:

**Nov. 13, 2:00PM EDT** (11:00AM Pacific).

**To register,** send an email to **Jennifer Ballentine**.

## Hospice Analytics Info

**Our Mission**
Hospice Analytics is an information-sharing

**The 2013 Medicare claims data** is loaded into InfoMAX and will be available to subscribers soon! (You'll find a quick preview below.) If you are a current subscriber or subscribe now, you'll be way ahead of your competitors. **Register now for our November 13 FREE InfoMAX webinar.** Details in the sidebar and below. Please forward this e-newsletter to anyone you think will be interested. *--Cordt*

## Bobbing for Bad Apples

**A Closer Look at Allegations of Hospice Fraud**
You may have noticed that hospice has been subject to some pretty withering criticism this year in the popular press (Huffington Post, Washington Post) and even the peer-reviewed literature (Journal of Palliative Medicine). Some of the findings are without question concerning, and some hospices are without question operating carelessly if not fraudulently. But is the whole industry engaged in signing up ineligible patients, keeping them on service for as long as possible, creating crises to bump them up to higher levels of care (or, alternatively depriving them of higher levels of care), and then dispatching them with "lethal doses" of pain medication as these articles allege?

Hospice Analytics has been unpacking these articles, cross-checking facts, and performing an independent analysis of the 2012 Medicare claims data to get a fuller picture of the problems and offer solutions. Without doubt, there are some bad apples in our hospice orchard; problematic practices exist, but the discussion requires perspective and context. Here are some of the claims and some previews of what we're finding.

research organization whose mission is to **improve hospice utilization and access to quality end-of-life care through analysis of Medicare and other national datasets.**

### Collaboration with State Hospice Orgs

More than 50 percent of the State Hospice Organizations participate in Hospice Analytics' Market Reports Project. These State Hospice Organizations represent over 60% of the hospices serving over 70% of the hospice patients in the country. Substantial revenue is shared with participating non-profit State Hospice organizations.

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### Hear What Our Clients Are Saying!

We have really come to appreciate you and the service you provide. It's been invaluable to our work!

*--Hospice CEO (TX)*

This is really wonderful data! The report . . . has really helped our Board to picture where we are and where we need to go as an organization.

*--Hospice Executive Director (NY)*

**1. Does rapid growth in the hospice sector signals fraud, waste, and abuse?** Hospice has rapidly expanded in recent years (more than eight-fold in two decades) to more than 3,600 agencies serving 1.6 million patients at a cost of more than $17 billion (88% paid by Medicare). In 2012, more than 44% of Medicare beneficiaries who died were served by hospice.

To hospice folks, this sounds great--more hospice capacity to serve an exponentially expanding elder population experiencing a wider array of distressing terminal conditions! (Note that the over 65 population increased 16% between 2004 and 2012 and is projected to nearly double by 2050.)

To regulators and watchdogs, the sheer fact of the growth, and that most of it has occurred in the for-profit sector, is a clear indicator (if not evidence) of fraudulent practice and misspent funds. Certainly, $17 billion sounds like a lot of money and any significant amount wasted or misspent is a problem.

**However, some perspective here is in order**: the average cost of an *entire hospice stay* is $11,600 per beneficiary, just a little more than the average cost of a *single hospital stay* ($10,820). $17 billion represents only 3% of all Medicare spending ($376 billion is spent on hospital care). In other words, **Medicare spends 3% of its entire budget to ensure a comfortable death for nearly half of all elders who died in 2012.** $17 billion also represents the amount of money Americans spend on . . . Valentine's Day.

*Isn't the concern not that we are spending too much on hospice care, but that we are not spending enough or that we are spending way too much on care in other sectors?*

**2. Does the per-diem payment model incentivize minimal care to maximize profits?** Sustainability in hospice requires careful resource and risk management to pay for all care services plus administration and overhead. The average profit margin in the industry is barely 5%, generally lower for nonprofits and sometimes higher in for-profits.

Longer stay, low-maintenance routine home care patients help offset higher costs associated with shorter stay

I like your reports and find them invaluable to our business development work. Keep up the good work!

*--Hospice Business Development Manager (WA)*

## Speaking & Teaching by Hospice Analytics

*Hospice Analytics will be speaking at the following conferences this fall. To arrange an engagement in your state or agency, contact **Jennifer Ballentine**.*

**Nov. 3-5:**
**Midwest Care Alliance: 2014 Annual Conference**
Columbus, OH

**Nov. 5:**
**HOPE of Wisconsin Annual Fall Conference**
Middleton, WI

**Nov. 17-18:**
**California Hospice & Palliative Care Organization 2014 Annual Conference**
Las Vegas, NV

patients and those requiring more intensive attention. **There is no evidence in the Medicare claims data nor in the various tools currently available to evaluate quality of care** (FEHC, pilot Hospice CAHPS, etc.) to indicate widespread or even frequent "neglect" of routine patients. On the contrary, the overall rating of hospice care in the pilot Hospice CAHPS was 93 out of 100.

**3. Does the per-diem payment model incentivize withholding "crisis care" or manipulating levels of care to maximize profits?** In 2012, about 17% of hospices did not bill for any days of either GIP or continuous care. This does indicate a problem, for those hospices: The Medicare CoPs require agencies to be able to provide all four levels of care (including respite), and failure to do so not only falls short of regulations but fails to meet patient needs.

However, it is worthwhile noting that **almost all the agencies which did not provide any GIP are newer (founded since 2007) and smaller (ADC <124)**: The "problem" may be temporary as hospices become better established and able to take on more complex cases, and it is not by any means widespread nor an emerging industry standard.

Beyond isolated anecdotes, there is **absolutely no evidence of hospices deliberately provoking crises** in patients to bump up their level of care and thus reimbursement.

**4. Does the per-diem payment model incentivize enrolling longer stay patients and then discharging them alive when obliged by regulations or when costs of care rise?** Average lengths of stay in hospice did increase significantly between 2000, at 54 days, and 2010, at 86 days, but it has actually *decreased* in the past several years to just about 72 days. That's 10 weeks in a program that was designed to provide care for up to and sometimes longer than 6 months.

Meanwhile, however, the median length of stay has been stalled since 2000 at just under 3 weeks. Only 16% of hospices had more than 20% of their patients on service for longer than 180 days in 2012. **Overall, only a**

**quarter of all hospice patients received care for longer than 90 days.**

As for live discharges, the national average in 2012 was 16%. While there are no set standards for appropriate rate of live discharge, less than 10% would likely indicate too-conservative or restricted enrollment criteria, whereas 30% or more could be indicative of "cherry-picking" or too-loose (potentially fraudulent) admissions and recertifications.

In 2012, about one-fifth of hospices discharged more than a third of their patients alive; however, by far, these were "small" or "extra small" agencies (<50 ADC). **Hospices with live discharge rates above 33% in 2012 admitted just over 8 percent (112,691) of all patients admitted to hospice care that year (1,365,020).**

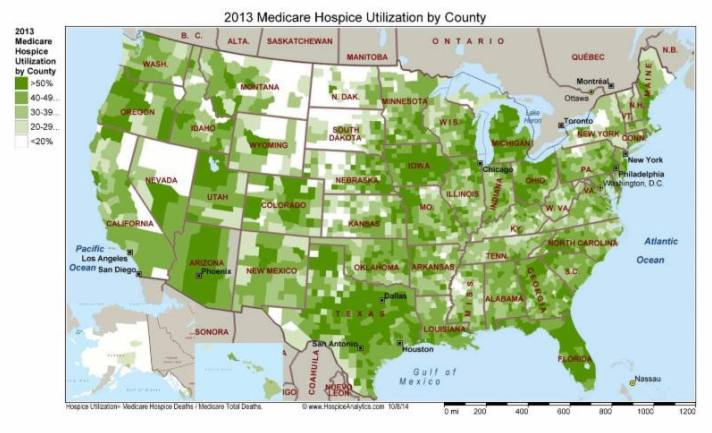
• • •

There's more to come in this discussion, but what we've found so far is this: **Yes, there are bad apples; no, they are not on every tree nor even in every orchard; yes, they should be plucked and discarded** (to stretch the metaphor to breaking). However, we're also wondering if we're identifying the right problems or even asking the right questions about quality and access to hospice care. Keep tuned . . .

## Some UP, Some DOWN--2013 Data Preview

We've begun to crunch the 2013 claims data, and here are some early stats. How does YOUR state or program compare? InfoMAX can tell you . . .

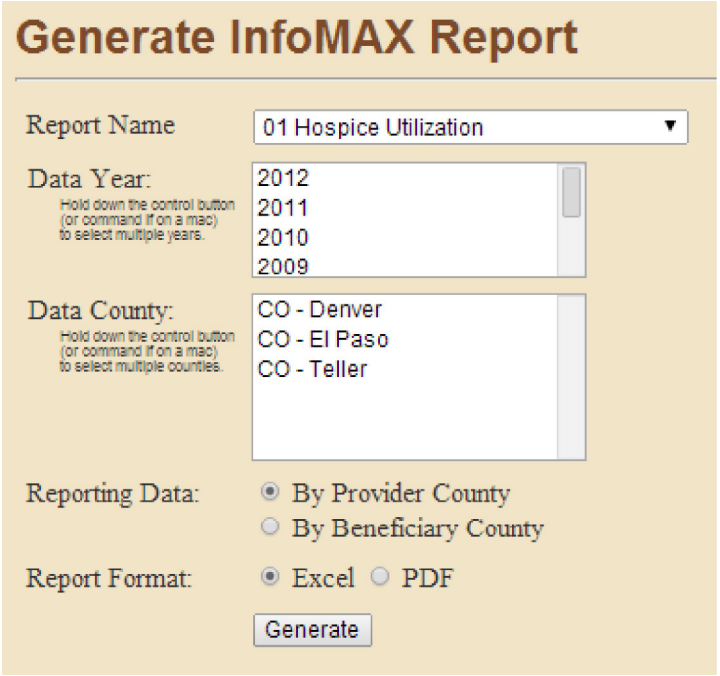
- National hospice utilization **UP** from 44.2% to 45.4%
- Mean days of care **DOWN** from 71.8 to 70
- Median days of care **UP** from 18.7 to 24
- Mean Medicare hospice payments per beneficiary **DOWN** slightly from $11,600 to $11,444




## FREE InfoMAX Webinar--Register Now!

Hospice Analytics is your data analyst and research partner in using data to improve quality care. Our online, user-friendly "InfoMAX" reports translate Medicare claims and cost report data into strategic knowledge of your service area, business operations, and market opportunities. **Join us for a FREE Webinar demo on November 13**; details in the sidebar at left.

InfoMAX allows you to **pull just the data you need, when you need it.** In just a few clicks you can produce 25+ report formats on preset variables (such as utilization, patient and market demographics, discharge status, levels of care, admissions and mortality, Medicare reimbursements, etc.) or you can customize reports across counties or years. **Consultant reports are available** for industries serving hospices as well.




For only **$500 set up fee and $100/county**, InfoMAX is your captive research resource for budgeting, strategic planning, utilization analysis into the new year. Join us for the FREE webinar, use the links in the sidebar to contact us, or visit our **Web site** for an online InfoMAX demo and to learn more!

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