Medicare Hospice Data Trends: 1998 – 2008

Background

To be eligible to elect the Medicare hospice benefit, beneficiaries must be certified by their attending physician (if any) and by the hospice physician as being terminally ill with a prognosis of 6 months or less to live, should the illness run its normal course.

Expenditures

Expenditures for the Medicare hospice benefit have increased approximately $1 billion per year. In fiscal year (CY) 1998, expenditures for the Medicare hospice benefit were $2.2 billion, while in CY 2008, expenditures for the Medicare hospice benefit were $11.2 billion [source: Health Care Information System (HCIS)].

Number of Beneficiaries

The table entitled "Top 20 Hospice Terminal Diagnoses By Number of Patients" provides a summary of hospice data from 1998 to 2008, using calendar year data from HCIS. This table shows the top 20 diagnoses for each year, based on the number of Medicare hospice patients with that diagnosis; the percentage of all Medicare patients for the year which that diagnosis represents; and the average length of stay for that diagnosis. The last row of the table provides the national total of patients for all diagnoses by year, along with the national average length of stay.

The national totals by year clearly demonstrate that Medicare hospice expenditures are growing. There were more than twice as many Medicare hospice patients in 2008 than in 1998.

Hospice Terminal Diagnoses

The table also shows that the frequency of some hospice terminal diagnoses has changed over time, with relatively fewer cancer patients and relatively more non-cancer patients as a percentage of total hospice patients. The percentage of all Medicare hospice patients with a terminal diagnosis of cancer dropped from 52.8% in 1998 to 31.1% in 2008 [data not shown]. Lung cancer has been recognized as the most common diagnosis among Medicare hospice patients every year since 1998. However, in 2006 non-Alzheimer's dementia became the most common diagnosis among Medicare hospice patients. The percentage of Medicare hospice patients with lung cancer dropped from 16% in 1998 to 9% in 2008. In addition, we are seeing a notable increase in the number of neurologically-based diagnoses. We are also seeing a marked increase in non-specific diagnoses such as "Debility, Not Otherwise Specified", and "Adult Failure to Thrive".

Average Length of Stay

Along with the shift in the mix of hospice patients, there exists a significant increase in the average length of stay (LOS) for hospice patients. In 1998, the average LOS for hospice patients was 48 days, but by 2006 it had risen to 73 days (a 52% increase). Since 2006, the average LOS has begun to decline slightly, dropping to 71 days in 2008, which is a 48% increase from 1998. Charts 1 and 2 show that the average LOS varies by diagnosis. For the top twenty diagnoses in 2008, the average LOS ranged from 28 days for chronic kidney disease to 105 days for Alzheimer's disease and other degenerative conditions. While the average LOS from 1998–2008 for hospice patients with diagnoses such as chronic kidney disease or cancers has remained relatively stable, the average LOS rose significantly for most other diagnoses, thought it has recently begun to decline slightly. Charts 1 and 2 graphically demonstrate the difference in the changes in lengths of stay for cancers versus other diagnoses in the top 20 list.

Summary

More Medicare beneficiaries are taking advantage of the quality and compassionate care provided through the hospice benefit. As greater numbers of beneficiaries have availed themselves of the benefit, the mix of hospice patients has changed, with relatively fewer cancer patients as a percentage of total patients. The national average LOS has increased by 48% between 1998 and 2008, with the bulk of this increase due to the longer LOS for non-cancer diagnoses.