

## NEW STUDY:

# Hospice Saves Medicare Billions of Dollars a Year While Improving Patient and Family Quality of Life and Well-Being

## KEY FINDINGS:

In the last year of life, the total costs of care for Medicare beneficiaries who used hospice was **\$3.5 billion less** than the adjusted spending of beneficiaries who did not use hospice, representing a 3.1% reduction in costs attributable to hospice utilization.

- The Medicare hospice benefit is a rare phenomenon in the American health care system – an authentically person-and-family-centered bundled payment and care model that produces significant savings by avoiding costly, unwanted, and burdensome treatments during the last phase of a person's life.

Policies to support eligible patients' **earlier enrollment in hospice** and those that can increase their lengths of stay on the benefit would likely **reduce Medicare spending even more**.

- The median length of stay on hospice is only 17 days. More than one-quarter of hospice decedents are enrolled in the program only in the last week of life. Clinical experts agree these short lengths of stay, while still beneficial compared to not receiving hospice at all, are not usually long enough for patients and their families to reap the full benefits of the holistic care model hospice provides.
- Additionally, NORC's analysis find that total Medicare spending in the 12 months preceding death is consistently lower for beneficiaries who spent **at least 11 days in hospice** compared to beneficiaries who did not use hospice, regardless of disease group

Congress should recognize the value hospice brings to patients, families, and taxpayers, and support policies that protect and increase more timely access to the Medicare Hospice Benefit.

Hospice **stays of six months or more add value to Medicare**, including for those patients with terminal neurological conditions like Alzheimer's Disease or Parkinson's Disease

- Despite the fact that only about half of the people with Medicare who die each year access any hospice at all, and that far too many patients are on hospice for extremely short periods of time, in recent years some stakeholders have grown concerned about patients who are on hospice care for longer than 180 days.
- Not only does hospice continue to confer major quality-of-life benefits on patients who are on service for longer than 180 days, but NORC also found that for those beneficiaries who spent at least 6 months in hospice in the last year of their lives, **spending was 11% lower** than the adjusted spending of beneficiaries who did not use hospice.

Hospice **improves the quality of care and quality of life** of patients with many different terminal diseases, while supporting the needs and well-being of their family members

- Research shows that hospice admissions in the last six months of life correlate not just with increases in patient satisfaction, but with better pain control, fewer hospital days, and fewer deaths in the hospital.



**READ THE FULL STUDY HERE:**  
[Value of Hospice in Medicare, NORC at the University of Chicago](#)

## POLICY IMPLICATIONS:

Access to the **Medicare Hospice Benefit (MHB) is one of the greatest successes of the American health care** system. By serving more people, with more diverse diagnoses, and in communities across the entire country, scaling the MHB has meant that the most vulnerable beneficiaries have greater access to person-and family-centered, holistic care that can help alleviate the suffering and stress of a serious illness. Absent hospice, millions of sick and dying individuals and their families would experience much more difficult and painful end-of-life journeys.

Calls for drastic cuts to hospice payment rates, such as MedPAC's recommendation to reduce the hospice benefit's aggregate payment cap by 20%, not only threaten to reduce access to this special kind of care, but they are fiscally shortsighted and do not account for the significant savings MHB utilization drives to the Medicare program as a whole.

Hospice saves taxpayers money and improves the end-of-life experience for millions of Americans and their loved ones. The fact that so many Medicare beneficia-

ries either do not use hospice at all, or are only on service for very short periods of time, speaks to the urgent need for policies that can support getting people onto hospice sooner in their illness trajectory, so that they can be served for those longer lengths of stay that give them time to fully benefit from the unique care model, while simultaneously reducing Medicare costs to the tune of billions of dollars a year.

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