The Medicare Hospice Benefit: A Poor Fit for Nursing Home Residents

Haiden Huskamp

National Palliative Care Summit

March 14, 2011

Acknowledgements

- Co-authors:
  - David Stevenson
  - Michael Chernew
  - Joseph Newhouse

- Based on paper published in *Health Affairs* (January 2010)

Many Barriers to High Quality End of Life Care in Nursing Homes

- Quality often poor
- Characteristics of current delivery system impede provision of high quality care
- Various regulatory barriers exist

- Many deficiencies influenced by how services are covered and reimbursed
  - “Silo” approach to reimbursement
  - Differing generosity of Medicare and Medicaid reimbursement

- Added in 1983 and extended to nursing home residents in 1989
- 1 in 3 nursing home decedents used hospice in 2006
- Eligibility:
  - Prognosis of ≤ 6 months
  - Must forego curative treatment for terminal condition

Medicare Hospice Benefit (2)

- Same eligibility and payment regardless of setting or diagnosis
- Nursing home payment typically same for hospice vs. non-hospice resident
- Medicare won't pay for hospice and SNF care concurrently if both for terminal condition

Medicare Hospice a Poor Fit for Nursing Home Residents

- Often have multiple chronic conditions
- Eligibility requirements particularly problematic
- Service needs may differ
- Efficiencies in joint management of care by hospice and nursing home

A New Approach

- Create separate end-of-life care benefit for nursing home residents
  - No benefit election required
  - No need to forego curative care

- Direct payment (ideally bundled) to nursing home

- Improve measurement of nursing home's quality of end of life care

Final Thoughts

- End of life benefit vs. palliative care benefit
- Must address other barriers to quality care (e.g., training)
- Opportunities associated with Medicare bundled payment demonstrations