HOSPICE CARE – COST EFFECTIVE, COMPASSIONATE, and ESSENTIAL

As part of the effort to cut Florida’s budget, the Agency for Health Care Administration (AHCA) has proposed elimination of the Medicaid hospice benefit for a projected savings of $343 million.

CUTTING MEDICAID HOSPICE WILL COST THE STATE MORE: All of the proposed savings will be moved to mandatory Medicaid services, and, based on conservative estimates, the total cost to Florida will be more – not less – through mandatory coverage. This proposal will shift and increase costs for the State of Florida. The end result will be a budget increase of at least $3.7 million.

The Medicaid hospice benefit is more than budget neutral – it SAVES money for Florida’s taxpayers

The accounting: Using 2007 data, follow the numbers:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>2007 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Savings” - Cut AHCA budget line item for Medicaid Hospice</td>
<td>$254,268,359</td>
</tr>
<tr>
<td>Minus nursing home room &amp; board*</td>
<td>($189,217,016)</td>
</tr>
<tr>
<td>Minus 5% for 100% of nursing home room and board cost*</td>
<td>($567,651)</td>
</tr>
<tr>
<td>Minus increased hospitalization*</td>
<td>($55,047,816)</td>
</tr>
<tr>
<td>Minus increased new nursing home admissions room and board cost*</td>
<td>($9,958,790)</td>
</tr>
<tr>
<td>Minus prescription drugs*</td>
<td>($2,204,000)</td>
</tr>
<tr>
<td>Minus emergency room visits*</td>
<td>($976,413)</td>
</tr>
<tr>
<td><strong>KNOWN ADDED EXPENSE</strong></td>
<td><strong>($3,703,327)</strong></td>
</tr>
</tbody>
</table>

*All of these are currently covered in the hospice per diem payment. But, if the optional hospice benefit is eliminated, they will be charged through mandatory benefits.

Bottom line: Without Medicaid hospice, **FLORIDA WILL PAY MORE**

Patients with terminal illness also have additional needs and mandatory Medicaid expenses, including:

- Physician and outpatient hospital visits
- Laboratory and diagnostic tests
- Home health services
- Services to children

If the Medicaid hospice benefit is eliminated, hospice patients will not disappear. They will access the needed care through traditional mandatory Medicaid services at far greater cost to Florida and the Medicaid system.
WILL CHARITABLE DONATIONS REPLACE THE MEDICAID HOSPICE BENEFIT? NO

Hospices provide substantial amounts of uncompensated care and services thanks, in part, to charitable support. But, uncompensated care funded by limited charitable contributions cannot be considered an adequate replacement for Medicaid funding for hospice care for several reasons:
- Charitable funds are limited and are not sufficient to cover all Medicaid eligible hospice beneficiaries
- The economic downturn has affected hospice charitable support just as other organizations dependent on donations
- In the sagging economic climate, hospices see the demand for uncompensated care rising

MEDICAID FOR HOSPICE CARE – LARGEST PORTION OF LINE ITEM

Many Medicaid hospice patients are “dually eligible” for Medicare (which pays for services other than what is paid by Medicaid). Many of these hospice patients are in nursing homes, and approximately 75% of the Medicaid hospice line item is for nursing home room and board, a mandatory Medicaid benefit. If Medicaid no longer pays for hospice care, it will still be required to pay for this nursing home room and board – but will pay the nursing home directly and at a higher cost (5% more) than it currently pays through the Medicaid hospice benefit.

MEDICAID HOSPICE PATIENTS

Not all hospice patients are elderly – terminal illness affects all ages, even the very young. Medicaid hospice patients do not fit the usual stereotype of a hospice patient. These Medicaid patients are less likely to have the degenerative conditions that lead to a longer length of stay – their time in hospice care tends to be shorter. These patients are:
- On average 52 years old
- Likely to have cancer or AIDS and suffer multiple co-morbid illnesses
- Nearly 38% African American or Hispanic

HOSPICE CARE GENERALLY

Hospice is not a pill, injection, or bed. Hospice care is the provision and management of care for an individual with a terminal illness. Hospice brings together the needed care for pain relief, management of symptoms, and comfort. Hospice care is designed to reduce traditional intensive care at the end of life that may be unnecessary, duplicative, or ineffective for terminally ill patients. About 80% of Medicaid hospice patients live in the community with limited access to coordinated or specialty care provided by hospice. As such, the direct benefits of hospice:
- Reduce the need for hospitalization for acute episodes
- Reduce the need for institutional placements
- Reduce the need for multiple levels of care when symptoms are not addressed

Hospice works to keep patients at home and help their families and caregivers to continue their daily lives while caring for a loved one with a terminal illness. As such, added benefits of hospice include:
- Reduce unemployment and absenteeism by allowing caregivers to continue working
- Reduce education drop out or lapse by supporting caregivers and family members
- Reduce the use of governmental social services through strong volunteer networks

HOSPICE MEDICAID IN OTHER STATES – NOT NECESSARY TO RE-INVENT THE WHEEL

Forty eight states provide the Medicaid hospice benefit. Until now, when any other state considered eliminating the hospice benefit, the proposal has been rejected it because it does not make sound economic sense. Elimination simply shifts costs within Medicaid, yields no savings, and disposes of a proven efficient and compassionate form of health care.
- Connecticut is the most recent state to add the Medicaid hospice benefit.
- North Dakota, Nebraska, Alabama, Ohio, Indiana and Kentucky have all considered eliminating, or not offering the Medicaid hospice benefit. None of them have taken that action.

For more information, please contact Paul Ledford, Florida Hospices and Palliative Care
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