Increasing Hospice Utilization in the Pensacola Area: Potential Medicare Savings
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Abstract
Research shows that older adults receive higher quality care under Hospice care compared to hospitalization or nursing home care and this care is also considerably less expensive. For example, the costs for hospital care, nursing home care, and Hospice care per day are $6,200, $620, and $153 respectively. Despite the benefits in quality and cost, Hospice utilization rates at the end of life continue to be problematic. In addition, of those who use Hospice, 35% are enrolled for less than a week despite eligibility of up to 6 months.

Using 2010 Medicare data obtained from The Dartmouth Atlas of Health Care we found that the Hospice utilization rate for the Pensacola area during the last 6 months of life was 57% and that these patients were enrolled for an average of 27 days. The average Medicare expenditure in the 6 months prior to death was $32,330.

Based on this information, we formulated the following research question: How much cost savings would there be if the Pensacola area increased the Hospice utilization rate by 5% and 10% respectively? If the utilization rate was increased by 5%, Medicare expenditures would decrease by $1,616 per person. If the utilization rate was increased by 10%, Medicare expenditures would decrease by $3,233 per person.

These findings suggest that even modest increases in the Hospice utilization rate would lead to significant cost savings for the Medicare program. In addition, these patients would receive higher quality care and most would be cared for in their home.

Data Source
Data for this project were retrieved from the Dartmouth Atlas of Health Care (http://www.dartmouthatlas.org/). The Atlas uses Medicare data from 2010 to calculate variables of interest to researchers and practitioners working with the older adult population.

Variables
1. Average Hospice Days per Decedent During the Last Six Months of Life
2. Percent of Decedents Enrolled In Hospice During the Last Six Months of Life
3. Average Total Medicare Reimbursements per Decedent During the Last Six Months of Life

Method
Based on the national average cost/day of Hospice, we calculated the cost savings per person if the Pensacola area was able to increase Hospice utilization rates in the last six months of life by 5% and 10%.

Results
- If the utilization rate was increased by 5%, Medicare expenditures would decrease by $1,616 per person.
- If the utilization rate was increased by 10%, Medicare expenditures would decrease by $3,233 per person.

Implications
- In 2010, 3,951 people over the age of 65 died in Escambia, Okaloosa and Santa Rosa Counties (Source: Florida Department of Health). If all of these people received Medicare, the total Medicare expenditure would have been $127,735,830
- Increasing the Hospice utilization rate by 5% would have resulted in an additional $6,388,767 in cost savings.
- Increasing the Hospice utilization rate by 10% would have resulted in an additional $12,773,583 in cost savings.
- These findings suggest that even modest increases in the Hospice utilization rate would lead to significant cost savings for the Medicare program.
- In addition, these patients would receive higher quality care and most would be cared for in their home rather than in a hospital or institution.

Additional questions and comments may be directed to Amanda Bolden
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