Rise of for-profit hospice industry raises troubling questions, new study says

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A new survey of hospice care in the United States says that the rapidly growing role of for-profit companies in providing end-of-life care for terminally ill patients raises serious concerns about whose interests are being served under such a commercial arrangement: those of shareholders or those of dying patients and their loved ones.

"Under a corporate model of hospice care, there's an inherent conflict of interest between a company's drive to maximize profits and a patient's need for the kind of holistic, multidisciplinary and compassionate care originally envisioned by the founders of the modern hospice movement," said Dr. Robert Stone, an emergency medicine physician in Bloomington, Ind.

Stone, who serves as assistant medical director at a hospital hospice program at Indiana University, is co-author of "In the Business of Dying: Questioning the Commercialization of Hospice," a newly published article in the *Journal of Law, Medicine and Ethics*. Joshua Perry, a professor of business law and ethics at Indiana University, is the lead author of the article.

Stone and Perry point out that the for-profit hospice industry grew by 128 percent from 2001 to 2008, while the nonprofit sector grew by only 1 percent and government-sponsored hospices increased by 25 percent. The for-profit sector now accounts for 52 percent of hospices.

"Research shows that for-profit hospices, and especially publicly traded chain providers, generate higher revenues than their nonprofit counterparts," Stone said. "They do this in part, studies show, by selectively recruiting longer-term patients, most of whom do not have cancer, thereby gaming the Medicare payment system." Medicare currently pays hospice providers a fixed per diem payment throughout a patient's stay, regardless of whether services are provided on any given day, he said.

"Hospice patients' use of services are greatest on the first day of hospice care, when services are being set up, and in the last few days of life, when round-the-clock nursing care may be required," Stone said. "Hospices that recruit longer-term patients will be overpaid and will drain funds from the hospice program that should be going to patient care."

Stone continued: "Typically, the for-profit companies also pay lower salaries and benefits to a less-skilled staff, and employ fewer registered nurses. This raises quality concerns."

Such practices not only undermine the Samaritan traditions of the hospice movement, he said, but also put nonprofit hospices at a competitive disadvantage, threatening their financial survival. Nonprofits have been shown to provide a greater range of services than their for-profit counterparts, including continuous home care and bereavement services, he said.

Stone and Perry point to research documenting ethically questionable marketing practices used by for-profit hospice companies, including instances of company representatives going into nursing homes and offering free pens and coffee cups to staff and subsequently paying a commission to staff members who refer patients to them.

While more research on hospice quality needs to be done, Stone said, comparative studies of U.S. hospitals, dialysis centers and nursing homes have shown that nonprofit institutions, on average, provide a higher quality of care than do for-profits.

More information: "In the Business of Dying: Questioning the Commercialization of Hospice," Joshua E. Perry, J.D., M.T.S., and Robert C. Stone, M.D., Journal of Law, Medicine and Ethics, Summer 2011.

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