Study finds differences in benefits, service at hospices based on tax status

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The tax status of a hospice (for-profit vs. nonprofit) affects community benefits, the population served and community outreach.

The number of for-profit hospices has increased over the past two decades with about 51 percent of hospices being for-profit in 2011 compared with about 5 percent in 1990. But little is known about how for-profit and nonprofit hospices differ in activities beyond service delivery.

The authors examined the association between hospice profit status and the provision of community benefits (charity care, research and serving as training sites), populations served and community outreach in 591 Medicare-certified hospices around the country.

The authors found that compared to nonprofit hospices, for-profit hospics:

- Were less likely to provide community benefits, including serving as training sites (55 percent vs. 82 percent), conducting research (18 percent vs. 23 percent) and providing charity care (80 percent vs. 82 percent)
- Cared for a larger proportion of patients with longer expected hospice stays, including those in nursing homes (30 percent vs. 25 percent)
- Had higher patient disenrollment rates (10 percent vs. 6 percent, patients who don't remain in hospice until their death)

- Were more likely to exceed Medicare's aggregate annual cap, which is a regulatory measure to control hospice length of stay and constrain Medicare hospice expenditures, (22 percent vs. 4 percent)
- Were more likely to do outreach to low-income communities (61 percent vs. 46 percent) and minority communities (59 percent to 48 percent), suggesting that the growth of the for-profit sector may increase the use of hospice by these groups and address disparities in hospice use.
- Were less likely to partner with oncology centers (25 percent vs. 33 percent)

"Ownership-related differences are apparent among hospices in community benefits, population served and community outreach. Although Medicare's aggregate annual cap may curb the incentive to focus on long-stay hospice patients, additional regulatory measures such as public reporting of hospice disenrollment rates should be considered as the share of for-profit hospices in the United States continues to increase."

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