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Profits cloud picture for hospice care

Corners cut as commercial ventures soar

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To see the Washington Post's online consumer guide to hospice, go to http://wapo.st/1tcobev

WASHINGTON – The influx of for-profit companies into the hospice field has benefited patients, advocates say, because the commercial companies made big investments in technology, focused on efficiency and made care more accessible.

But a Washington Post analysis of hundreds of thousands of U.S. hospice records indicates that, as those companies transformed a movement once dominated by community and religious organizations into a $17 billion industry, patient care suffered along the way.

On several key measures, for-profit hospices as a group fall short of those run by nonprofit organizations. The typical for-profit hospice:

• Spends less on nursing per patient.

• Is less likely to have sent a nurse to a patient's home in the last days of life.

• Is less likely to provide more intense levels of care for patients undergoing a crisis in their symptoms.

• Has a higher percentage of patients who drop out of hospice care before dying. High rates of dropout are often viewed as a sign that patients were pushed out of hospice when their care grew expensive, left dissatisfied or were enrolled for hospice even though they were not close to death.

The quality of individual hospices varies widely. In some cases, for-profit hospices provide service at levels comparable to nonprofits, according to the review.

But the data analysis, based on hundreds of thousands of Medicare patient and hospice records from 2013, shows that the gap between the for-profits as a whole and nonprofits is striking and consistent, regardless of hospice size.

"Unfortunately, a lot of people have come into the business for the wrong reasons," said Michael Girard, who with his wife, Deb, owns the Circle of Life for-profit hospice in Reno, Nevada. "A lot of the problems we have in hospice today have happened with the entry of what I call the 'vulture capitalists.'"

About half of Americans of retirement age will employ a hospice service before death, but public information about the agencies is meager, and many consumers are unaware whether a hospice operates as a nonprofit or for-profit.

The findings on for-profit hospices come amid repeated complaints within the industry that pressure to cut costs, combined with sparse government oversight, has led some companies to focus on the bottom line to the detriment of patients.

Hospice operators have an economic incentive to provide less care because they get paid a flat daily fee from Medicare for each of their patients. That means that the fewer services they provide, the wider their profit margin.

Industry advocates warned against using the findings to rule out care from a for-profit hospice.

“There are many, many factors in making a decision about what hospice to choose,” said Theresa Forster, vice president of the National Association for Home Care & Hospice, which represents for-profit and nonprofit hospices.

“National trends may not apply at the local level. The key issues are the hospice’s ability to provide good end-of-life care,” she said.

Dave Williams, chief financial officer of Chemed, which owns the largest U.S. hospice chain, said for-profits offer several advantages for patients: They can more easily raise money for investments in equipment and expansion; they can achieve a size that offers them economies of scale; and, pushed by investors, they are encouraged to be more efficient.

He emphasized that size and scale matter because a large hospice can afford to lose money on some patients who may need extraordinary care.

“For large hospices that have been around a long time, the quality of care is going to be the same, whether they are for-profit or nonprofit,” Williams said. “The only way you can compete for patients and referrals over a long period of time is to provide the best possible care.”

The rise in hospice usage – today roughly half of older Americans who die have received some hospice care – has created a boom in the industry. In 2012, Medicare spent more than $15 billion on hospice care, which offers terminally ill patients treatment that focuses on providing comfort rather than aggressive methods aimed at a cure.

Take, for example, a specific cancer treatment known as palliative radiation. While the treatment is not intended to cure a patient, it can shrink tumors and ease pain. It is, however, expensive to provide, and hospices often lose money when they do so – in other words, it cuts into profits.

The odds that a nonprofit hospice uses palliative radiotherapy are 2.5 times greater than the rate for for-profit hospice, according to the 2009 research from the University of Minnesota. The Post analysis also found such differences.

Geoff Coleman, chief medical officer at Montgomery Hospice, a nonprofit group, said that he sometimes recommends palliative radiation at times. But when he worked at a for-profit hospice, the staff was not allowed to give patients palliative radiation, he said.

“Essentially I was told, ‘We’re not going to do those kinds of therapies,’ ” he said, a decision he said he disagreed with. “The administrators were adamant that it was not in their purview. Sometimes, the smaller hospices just don’t have the funds.”