# Hospice leaders identify pivotal trends shaping the industry in 2024



Hospice leaders are preparing for significant shifts in the industry as they identify five pivotal trends that will shape compliance, business operations, and financial strategies in the year ahead. Key among these trends is the notable increase in hospice utilization, which rose to 51.7% among Medicare decedents in 2023, marking an increase of more than two percentage points compared to the previous year. This figure is the highest recorded since 2019, as reported by the Medicare Payment Advisory Commission (MedPAC). Across all demographic subdivisions, including age, gender, race, and geographic location, hospice utilization has witnessed steady growth.

Concurrently, the increase in hospice care days, average length of stay, and weekly patient visits has contributed to a total of $25.7 billion in Medicare hospice payments in 2023. This upward trend suggests that, barring extraordinary circumstances such as a global pandemic, a decline in utilization is improbable for the foreseeable future. The implications for hospice providers are dual: an obligation to accommodate the rising demand and a challenge presented by staffing shortages and financial pressures due to reimbursement rates that have not aligned with inflation.

In response to these demands, regulatory oversight regarding hospice care is intensifying, with a notable influence stemming from recent reports highlighting quality issues and fraudulent practices. In particular, two 2019 reports from the U.S. Department of Health and Human Services Office of the Inspector General (OIG) prompted the initiation of the Helping Our Senior Population in Comfort Environments (HOSPICE) Act. Among the developments stemming from this Act is the implementation of a hospice Special Focus Program (SFP) by the U.S. Centers for Medicare & Medicaid Services (CMS), which will enforce stringent monitoring of hospice providers.

Speaking to Hospice News, Dr. Steven Landers, CEO of the National Alliance for Care at Home, expressed concerns regarding the methodology used by CMS to select hospices for the program, suggesting that it may adversely affect both providers and patients. He stated, “We think that [the CMS] methodology [for the SFP] is likely flawed. It is likely to harm beneficiaries if it’s released, because it’s going to steer people away potentially from quality providers.”

Additionally, the frequency of audits conducted by Medicare Administrative Contractors (MACs) has surged, with reports indicating that more than half of hospices faced simultaneous audits in 2023. Rising scrutiny is particularly evident in General Inpatient Care (GIP) billing practices, with a historical study revealing substantial inaccuracies in claims. The implications of increased regulatory scrutiny are compounded by ongoing efforts to combat fraud, particularly within states like California, Nevada, Arizona, and Texas.

Another significant trend in the hospice landscape is the anticipated rebound in mergers and acquisitions (M&A) activity, although not reaching the peaks seen from 2019 to 2022. Factors contributing to the recent decline in M&A include rising interest rates, inflationary pressures, and heightened regulatory scrutiny. However, the Federal Reserve's anticipated interest rate cuts in 2024 may revitalise the hospice M&A market by making borrowing cheaper, potentially increasing deal volume and attracting private equity investments.

As operators look beyond traditional services, hospice providers are increasingly incorporating technology into their practice. The integration of artificial intelligence (AI), telehealth, and robotic process automation (RPA) is on the rise, with many institutions leveraging these technologies to improve clinical operations, patient resource allocation, and compliance. AI systems are being deployed to predict patient needs and enhance back-office functions such as scheduling, representing a significant shift in how care is administered.

Particularly noteworthy is the growing interest in programmes for All-Inclusive Care for the Elderly (PACE), alongside emerging models of care tailored to specific diseases, notably dementia. More hospices are diversifying their services to include such programs, which can heavily influence their operational framework and financial stability.

Furthermore, the notion of personalized medicine is gaining traction within hospice care, moving away from a one-size-fits-all approach to more tailored solutions based on individual patient needs and preferences. This evolution aligns with the increasing reliance on predictive analytics generated by AI, which may further streamline the delivery of personalised hospice care.

Together, these developments illustrate a rapidly evolving hospice care landscape where operational standards, regulatory compliance, and technological advancements coalesce to better address the needs of terminally ill patients while adapting to a challenging market environment. The trends highlighted underscore the importance of balancing compassionate patient care with efficient business practices as the hospice industry navigates an increasingly complex future.

Source: [Noah Wire Services](https://www.noahwire.com)

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