

Trends in Medicare Payments for Beneficiaries in the Last Year of Life, 1978-2006

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Impressions

- Costs for terminally ill are driving increase in US health care costs
- There is a lot of expensive, unnecessary, care for terminally ill elderly, i.e., “heroic measures”
- Inaccurate statements common: *Fill in blanks:*
_____ % of all health care costs are for persons in their last _____ (months, years) of life
- Has the share of Medicare payment for persons in their last year changed from 1978 to 2006?

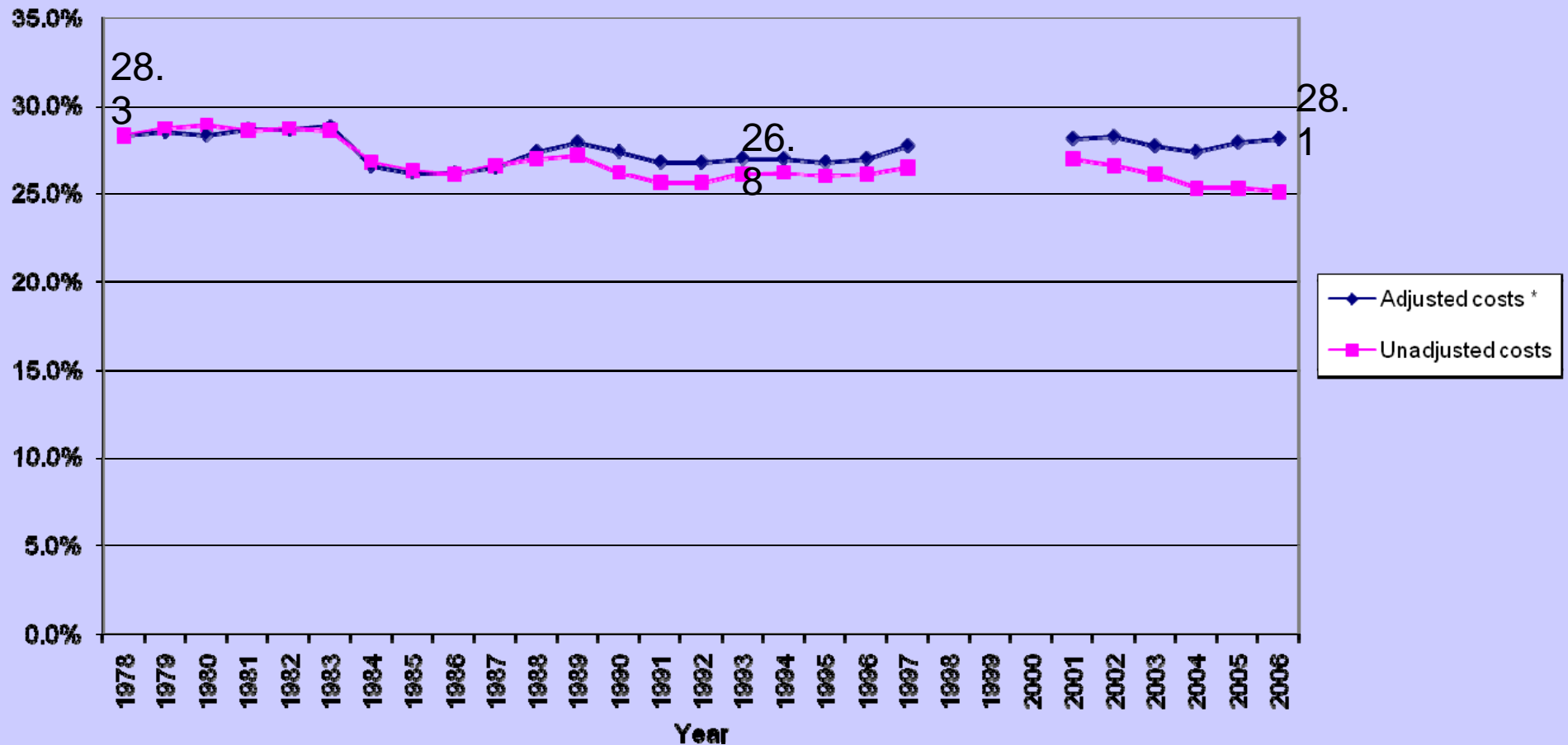
Medicare

- 38 million enrollees 65 and over
- 5% die each year
- 20% of health care spending in US (aged & disabled, 2008)
- 49 % of total spending for 65+

Data & Methods

- Continuous Medicare History Sample—5% longitudinal sample begun in 1974
- Used data from 1978 to 2007
- Allocated Medicare costs between decedents and survivors
 - Decedent costs=all costs for enrollees dying in a given year + costs occurred within 12 months before death that year for decedents in next year
 - Survivor costs=all other costs in a given year
- HMO enrollees excluded
- No Rx drug or nursing home data (SNF is included)

Percent of Medicare payments for persons in their last 12 months of life, 1978-2006



Data are for beneficiaries aged 65 or over in fee-for-service.

*Adjusted to the age, sex, and survival status of the 1978 sample.

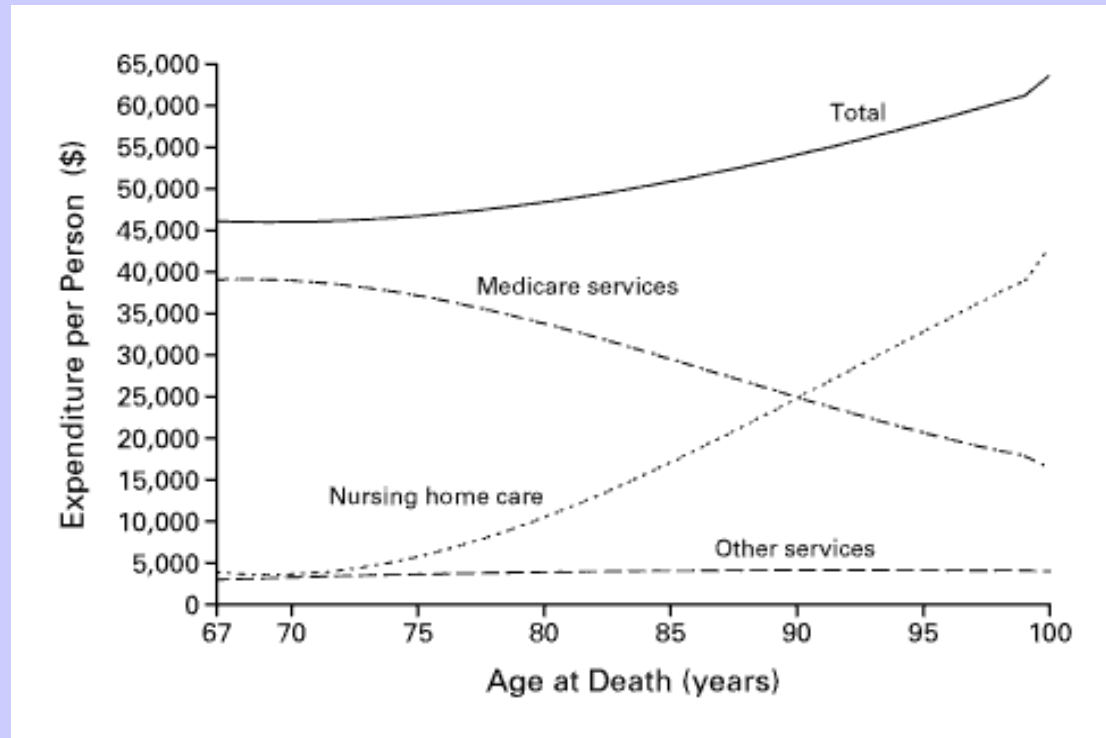
Medicare payments per person-year by age, decedents and survivors

	1978			2006		
	Decedents	Survivors	Ratio	Decedents	Survivors	Ratio
Person-years	62,669	1,144,983		71,283	1,385,889	
Average age	77.9	73.0		81.1	74.6	
Total	\$13,401	\$1,858	7.2	\$38,975	\$5,993	6.5
65-69	\$15,775	\$1,500	10.5	\$46,352	\$4,214	11.0
70-74	\$15,346	\$1,796	8.5	\$46,644	\$5,672	8.2
75-79	\$14,479	\$2,151	6.7	\$44,680	\$6,887	6.5
80-84	\$12,247	\$2,361	5.2	\$39,817	\$7,737	5.1
85-89	\$10,758	\$2,567	4.2	\$33,898	\$8,352	4.1

Dollars are inflation-adjusted to 2006.

Data are for beneficiaries aged 65 or over in fee-for-service.

Health Care Expenditures in the Last Two Years of Life, According to the Type of Health Service and the Age at Death



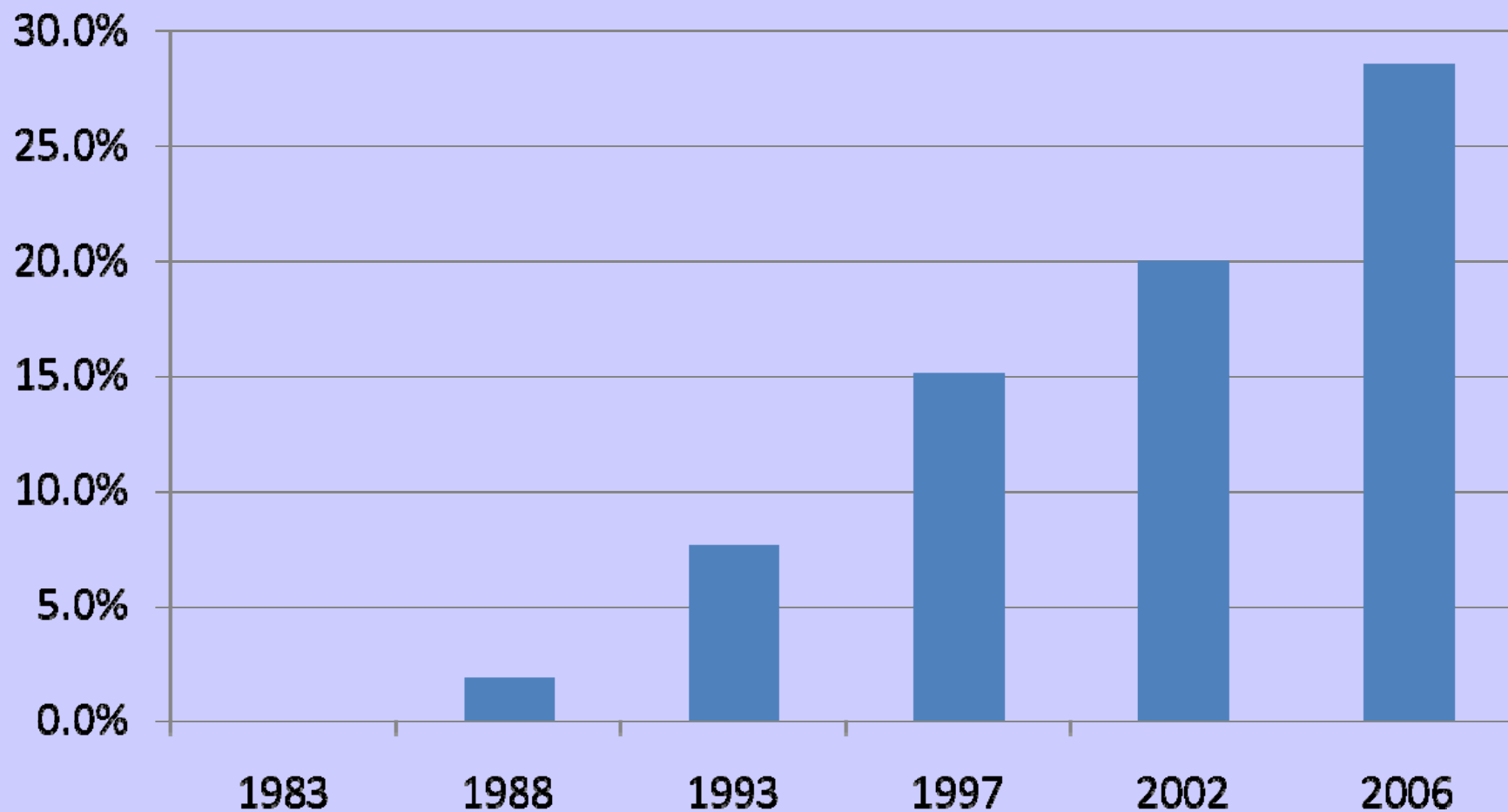
Percent distribution of Medicare payments among types of service

	1978		2006	
	Decedents	Survivors	Decedents	Survivors
Payments per person-year	\$13,401	\$1,858	\$38,975	\$5,993
Type of service				
Total	100.0%	100.0%	100.0%	100.0%
Inpatient hospital	76.3%	64.7%	50.2%	37.7%
Physician/other medical	17.3%	27.9%	18.8%	35.3%
Outpatient	2.6%	4.3%	6.8%	13.0%
Hospice	0.0%	0.0%	9.7%	1.0%
Skilled nursing facility	1.9%	1.2%	10.4%	7.4%
Home health	1.8%	1.9%	4.1%	5.6%

Dollars are inflation-adjusted to 2006.

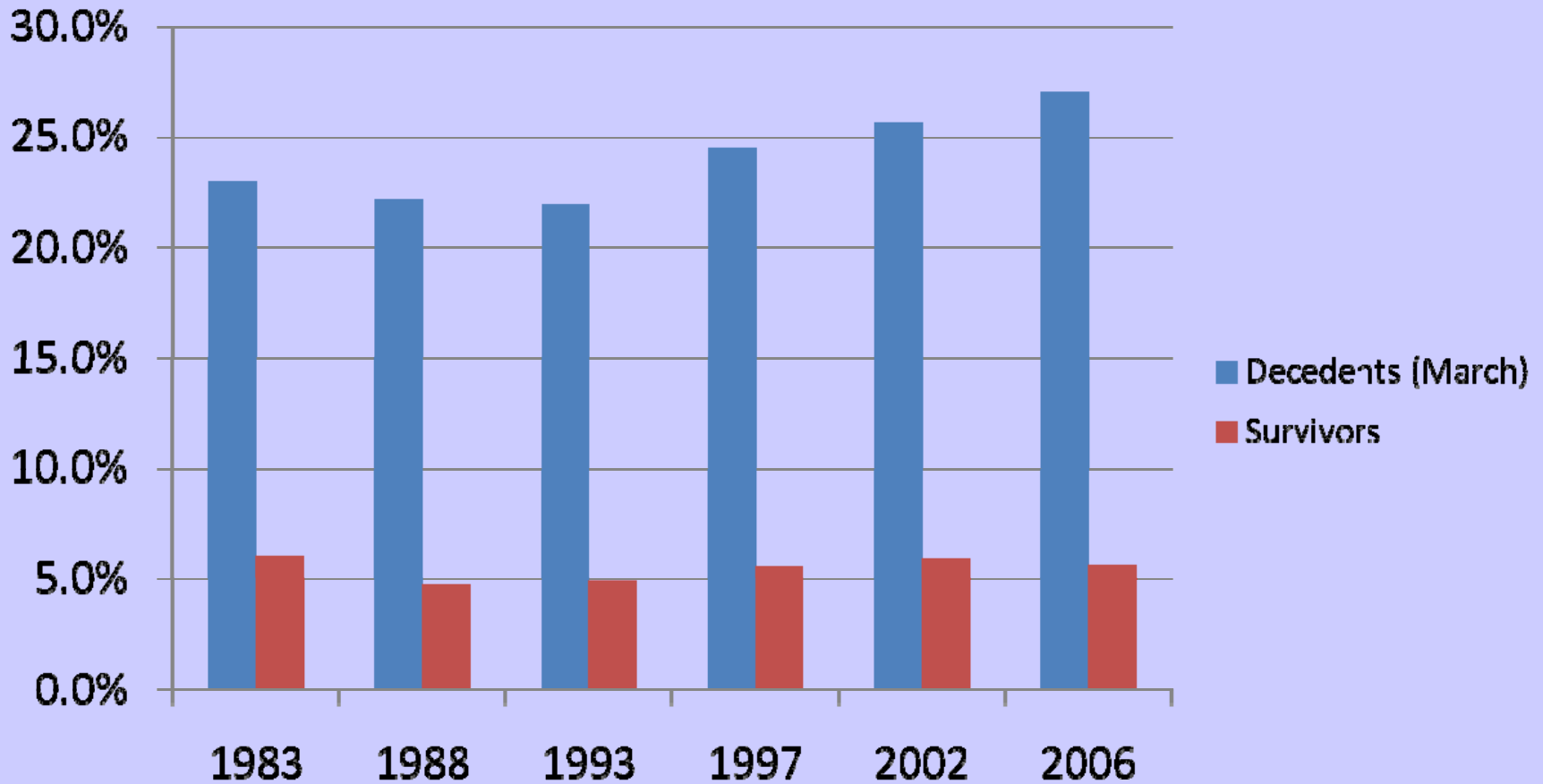
Data are for beneficiaries aged 65 or over in fee-for-service.

Percent of March decedents using hospice services in their last calendar year



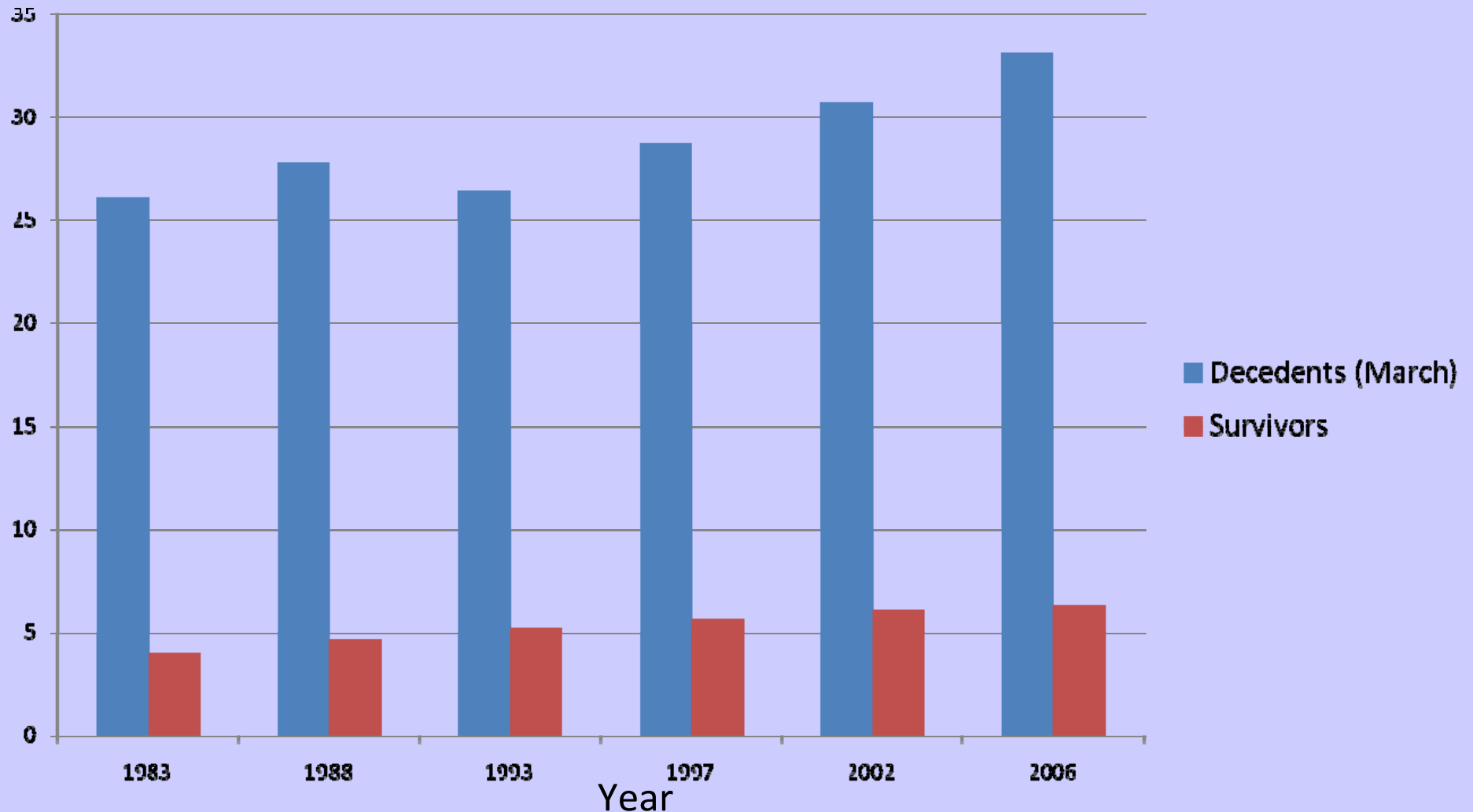
Data are for beneficiaries aged 65 or over in fee-for-service.

Percent undergoing multiple hospitalizations



Data are for beneficiaries aged 65 or over in fee-for-service.

Percent using intensive care unit services



Data are for beneficiaries aged 65 or over in fee-for-service.

Conclusions

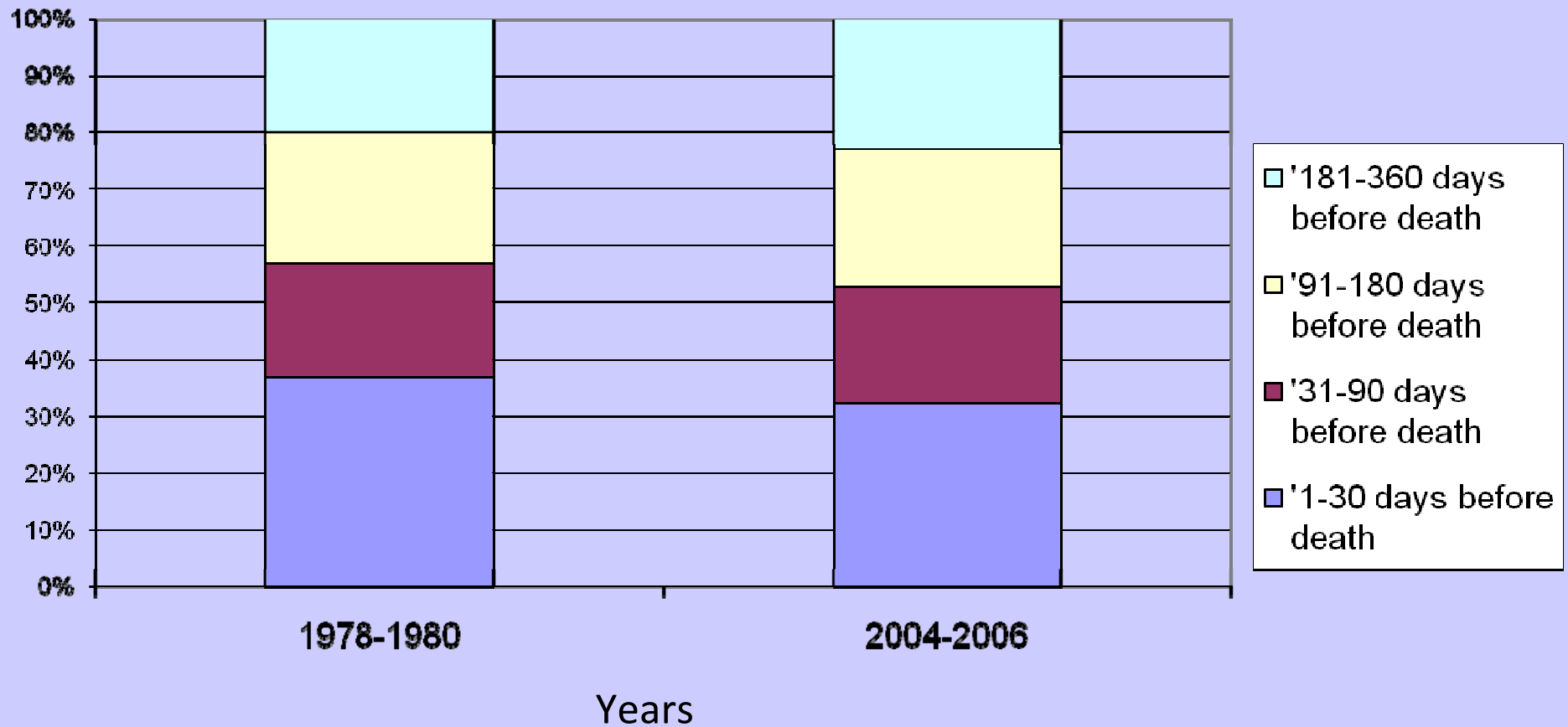
- Share of Medicare payments going to last year of life has not changed substantially
- Factors driving medical care costs affect care for decedents and survivors similarly
- Hospice has not had a large impact on the share of expenditures going to end of life care
- Increases in both intensive and non-intensive services at end of life
- Limitation—most long term care costs not in our data

Interpretation

- In context of other findings:
 - Increase in use of diagnostic imaging for cancer patients. (Dinan et al. JAMA, 2010)
 - Increase in incidence of treated chronic conditions. (Thorpe et al. Hlth. Affrs. 2010)
 - Per capita spending increased more for non-disabled than for disabled elderly. (Chernow et al. Hlth. Affrs. 2005)

Extra slide follows

Distribution of Medicare payments in the last year of life, by number of days before death



Data are for beneficiaries aged 65 or over in fee-for-service.

Health Care Expenditures in the Last Two Years of Life, According to the Type of Health Service and the Age at Death

