Financial Health Matters

Hospice Finance and Key Performance Indicators

Learning Objectives

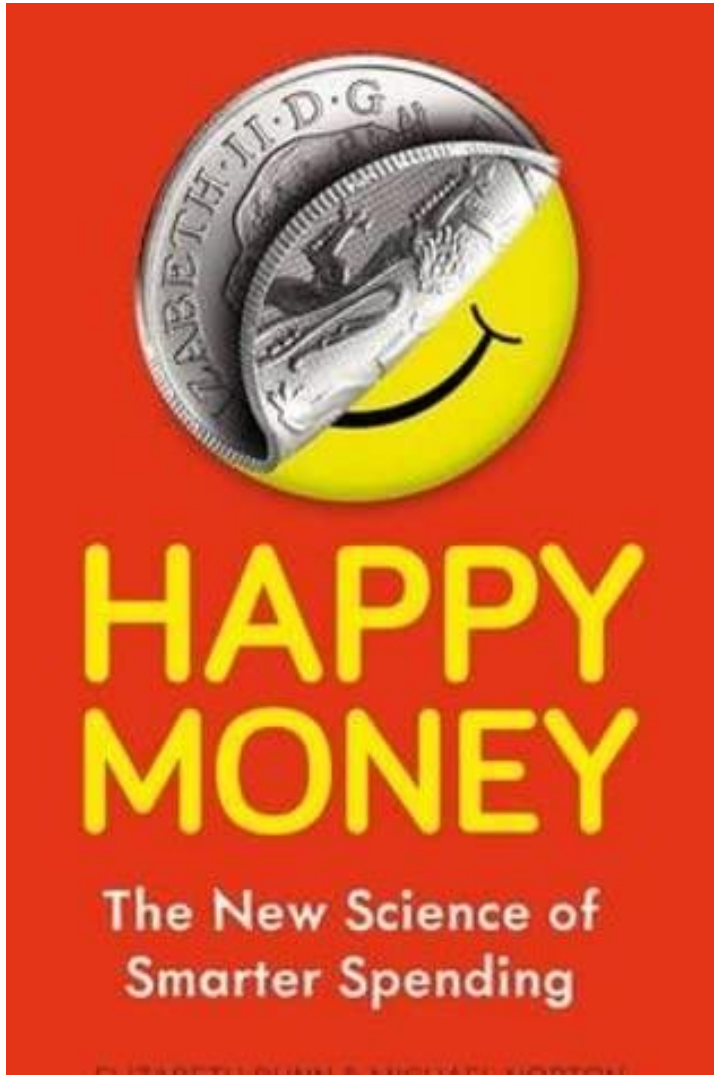
1. *Understanding Hospice Financial and Operational KPIs*
2. *Hospice Cap Performance and Financial Sustainability*
3. *Compliance Risks, Audits, and Financial Exposure*
4. *Leveraging Data for Leadership and Performance Improvement*

“Money can’t buy happiness”

If you think, Money can’t buy happiness, you are not spending it right.

~~Winner, Winner~~

Research Experiments & Results



Ask yourself:

Am I getting the biggest happiness

for my buck?

Financial Health Matters

Benchmarks

Hospice Cap

KPIs

MAC LEGACY forvis mazars

Financial Health Matters

Benchmarks

Hospice Cap

KPIs

What Is A Benchmark?

Data Drives Decision Making

Where To Find Benchmarks?

National Alliance for Care at Home

forvis mazars

Medicare.gov
The Official U.S. Government Site for Medicare

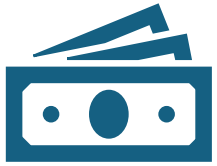
Analyzing The Data

Prioritize what are you evaluating?

What do you want to look at and why?

Consider: Where to obtain the data. Timeliness of data. Accuracy of data.

Types of Data



Financial

Statistical

Operational

Clinical

Who Do We Compare Ourselves To?

YOUR AGENCY

YOUR COMPETITION

STATE

NATIONAL

Who Do We Compare Ourselves To?

YOUR AGENCY

YOUR COMPETITION

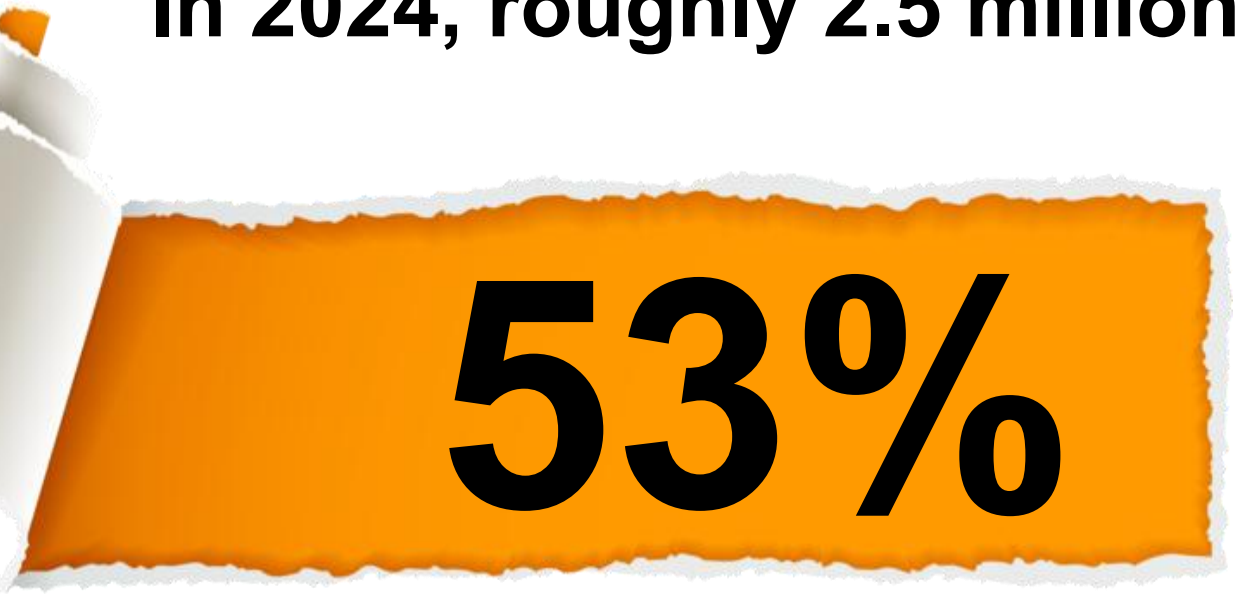
STATE

NATIONAL

Hospice Benchmarks

Financial Health Matters

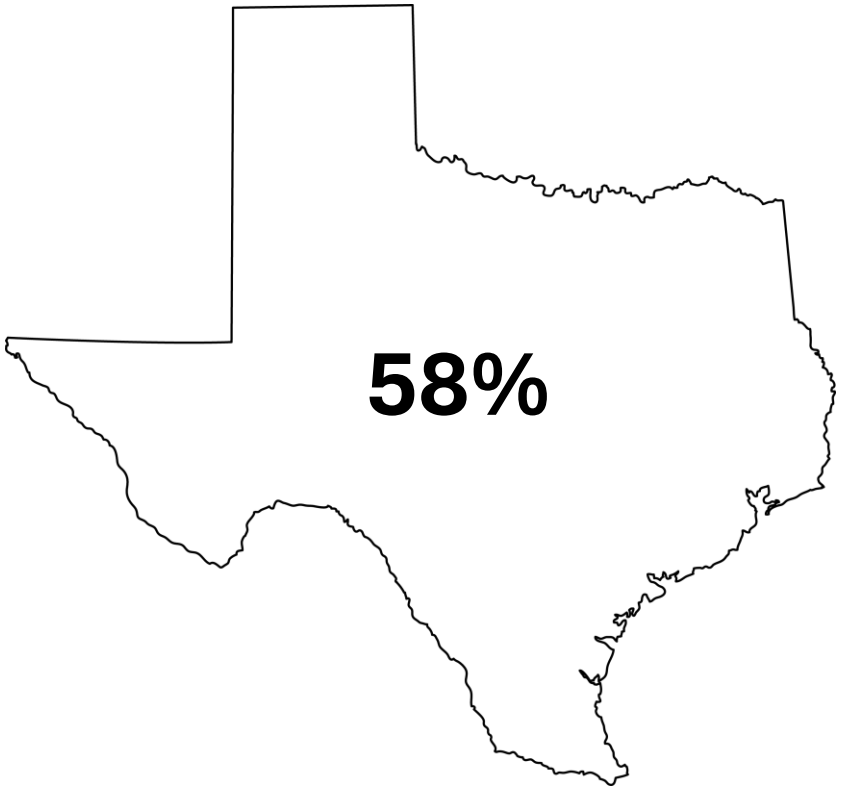
In 2024, roughly 2.5 million Medicare Beneficiaries died.

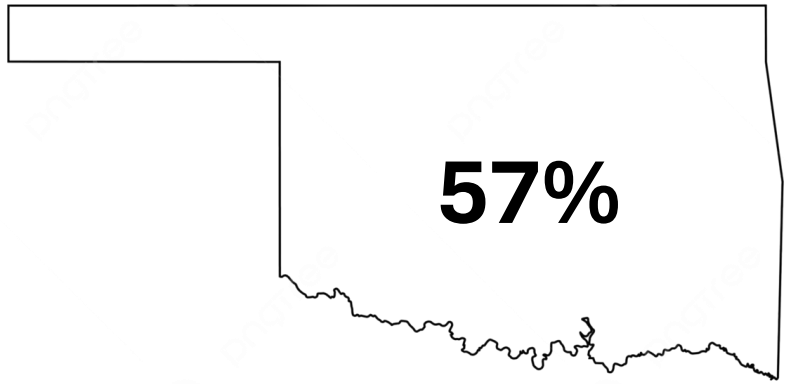


of those Medicare decedents used hospice care.

Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

% Medicare Decedents that Used Hospice



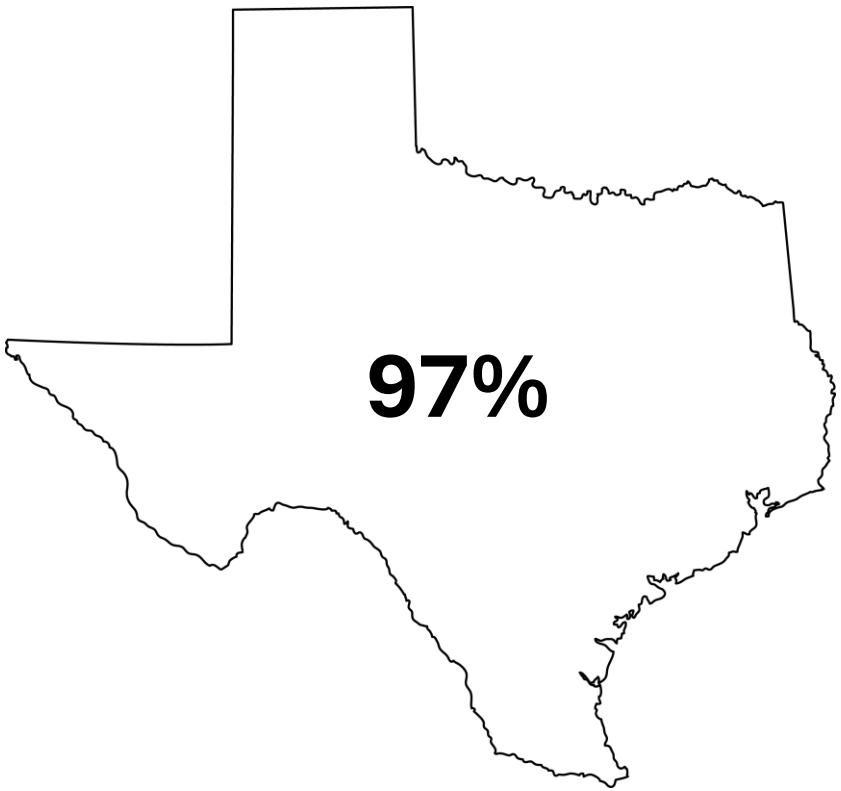


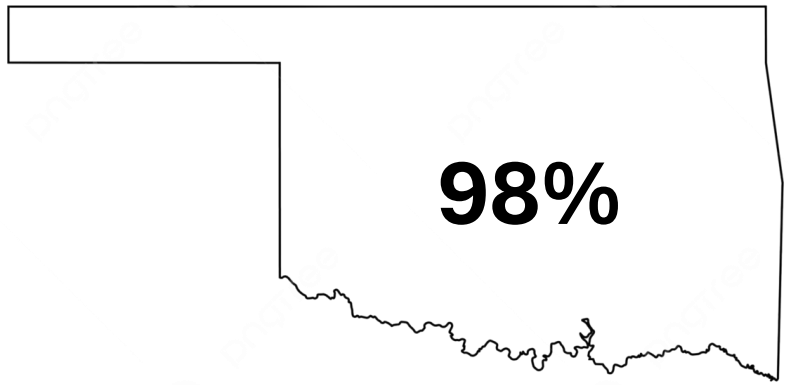
National Low - 29%
National High - 68%

Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

The Percent of Medicare Decedents that Use Hospice is calculated as the number of Medicare decedents that used hospice services in 2024 divided by the total number of Medicare decedents in 2024.

% Hospice Claims for Routine Home Care



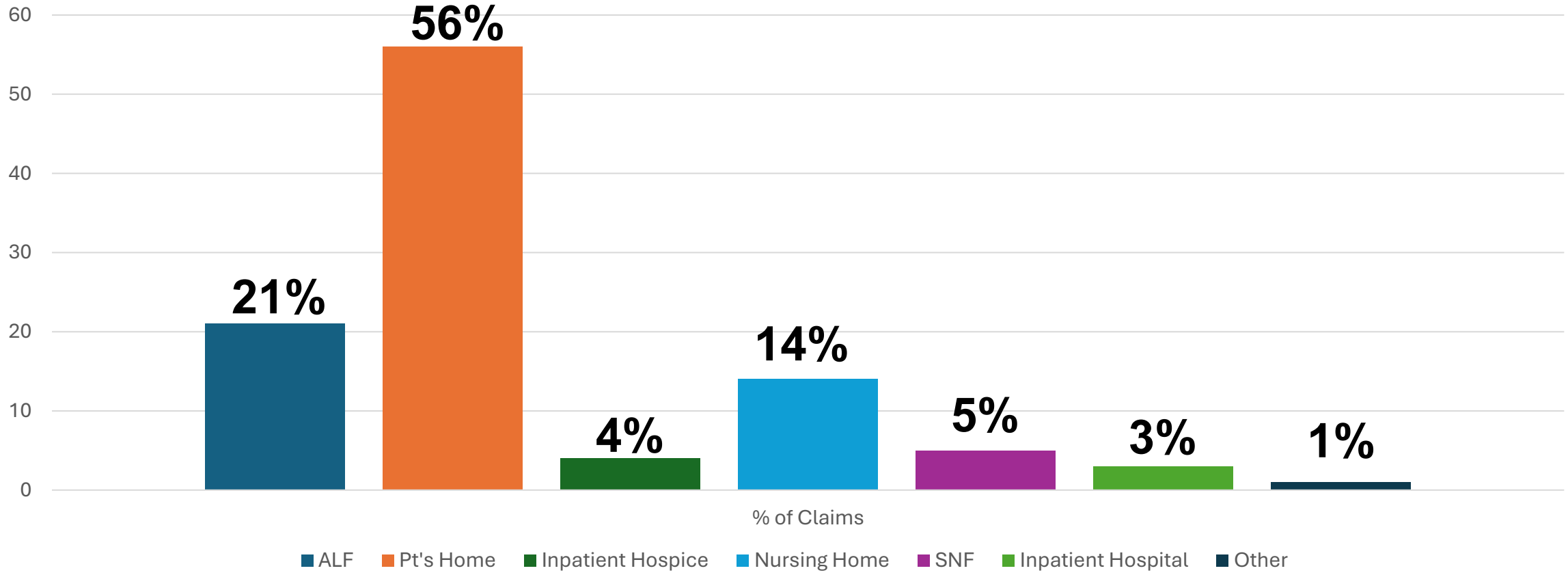


National Low - 91%
National High - 99%

Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

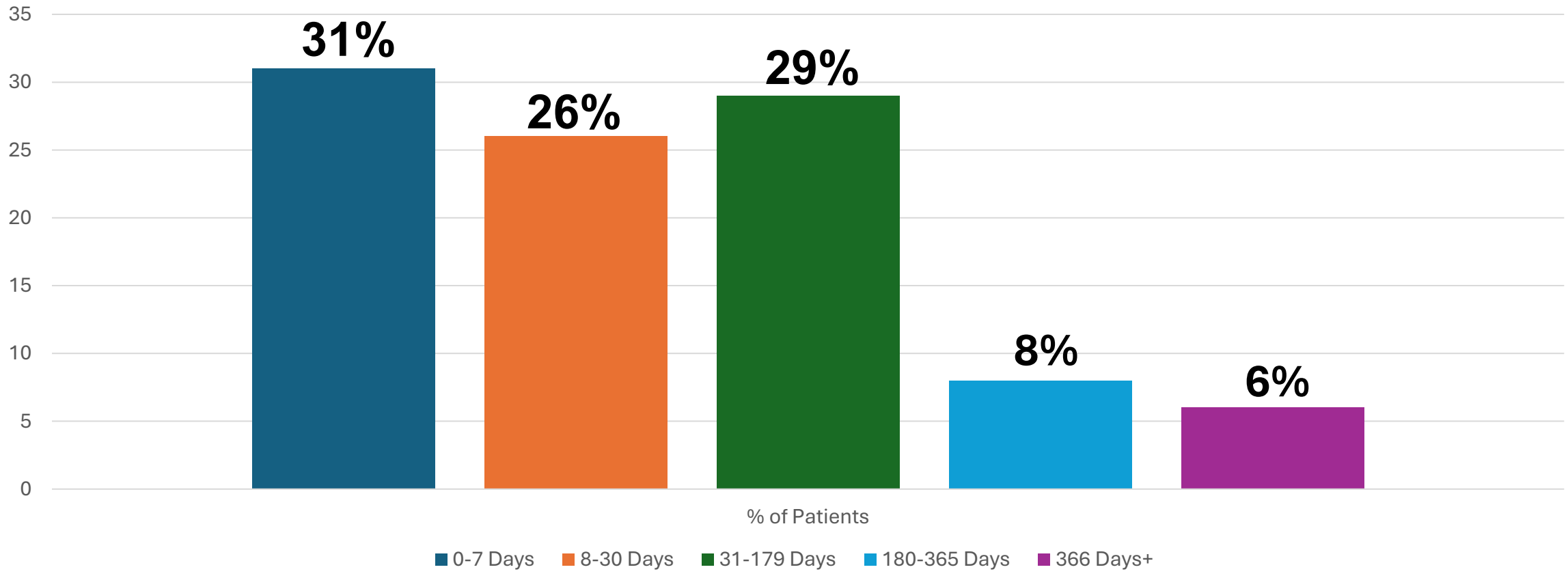
The Percent of Hospice Claims for Routine Home Care is calculated as the number of hospice claims for routine home care divided by all hospice claims.

Service Location of Hospice Care Across All Hospice Claims



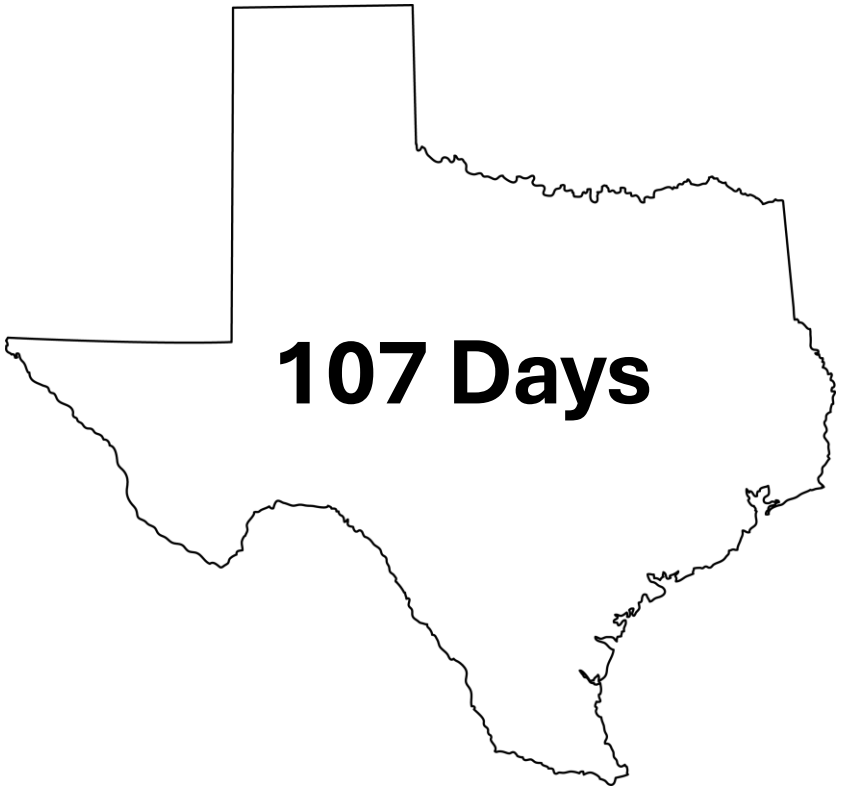
Source: KNG Health analysis of Medicare Standard Analytic Files, 2024. Service Locations are based on HCPC Codes. Q5001= Patient's Home Residence, Q5002 = Assisted Living Facility, Q5003= Nursing Home, Q5004 = Skilled Nursing Facility, Q5005 = Inpatient Hospital, Q5006 = Inpatient Hospice. Other includes long-term care hospital (Q5007), inpatient psychiatric facility (Q5008), unspecified (Q5009), and hospice facility (Q5010)

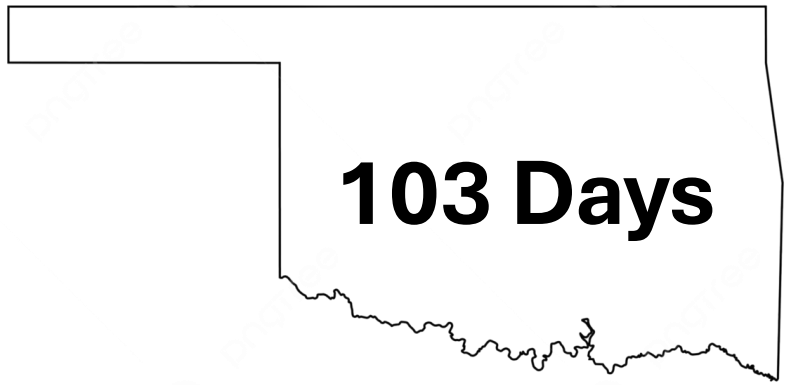
Length of Stay Distribution Across Completed Hospice Stays



Source: KNG Health analysis of Medicare Standard Analytic Files, 2024. Length of stay is calculated by subtracting the patient's hospice start date from the hospice discharge date with the same hospice provider. *Completed hospice stays include all hospice discharges except those with a discharge disposition of "Still Patient." Still Patient = Patient is still using hospice care at the end of 2024.

Average Length of Stay (ALOS)





National Low - 56
National High - 113

Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

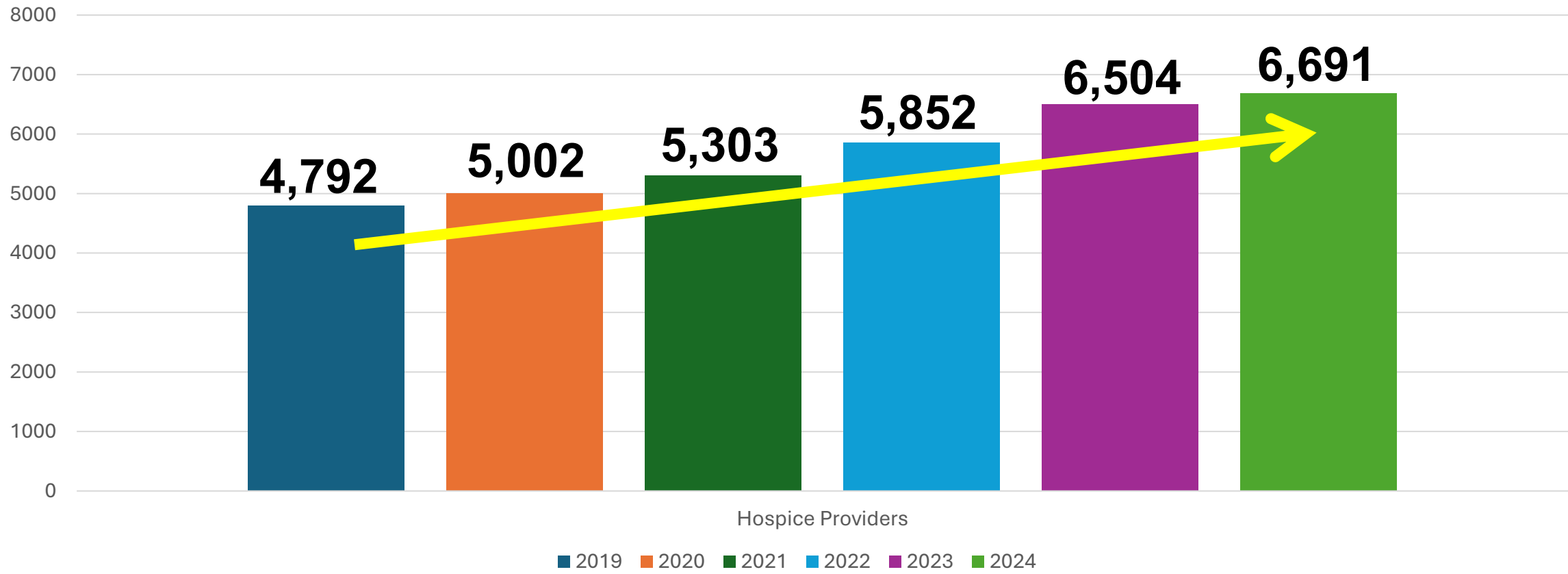
Length of stay is calculated by subtracting the patient's hospice start date from the hospice discharge date with the same hospice provider. *Completed hospice stays include all hospice discharges except those with a discharge disposition of "Still Patient." Still Patient = Patient is still using hospice care at the end of 2024

Median Length of Stay (MLOS)

National Low - 12
National High - 35

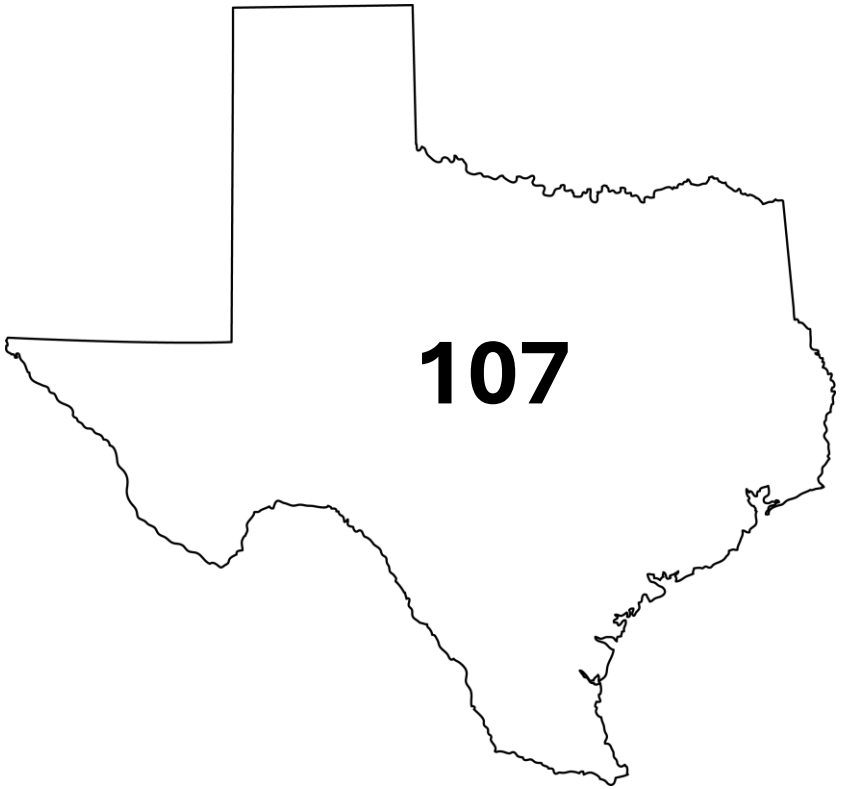
Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.
Length of stay is calculated by subtracting the patient's hospice start date from the hospice discharge date with the same hospice provider. *Completed hospice stays include all hospice discharges except those with a discharge disposition of "Still Patient." Still Patient = Patient is still using hospice care at the end of 2024

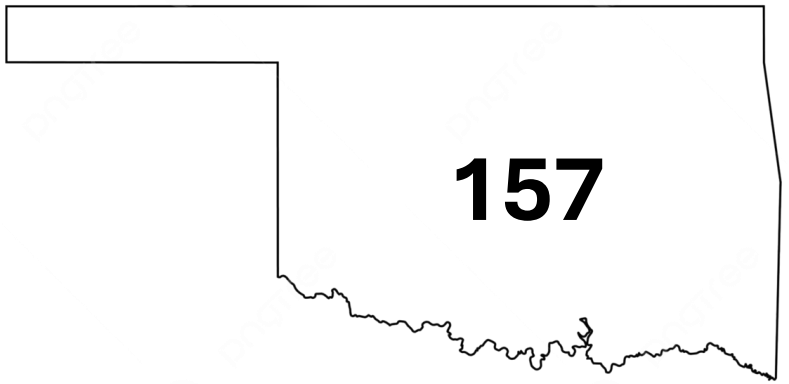
Number of Hospice Providers: 2019 to 2024



Source: KNG Health analysis of 2025Q2 POS iQIES and 2019–2024 100% Hospice Standard Analytic Files.

Avg. Number of Hospices Decedents per active Hospice Provider in 2024

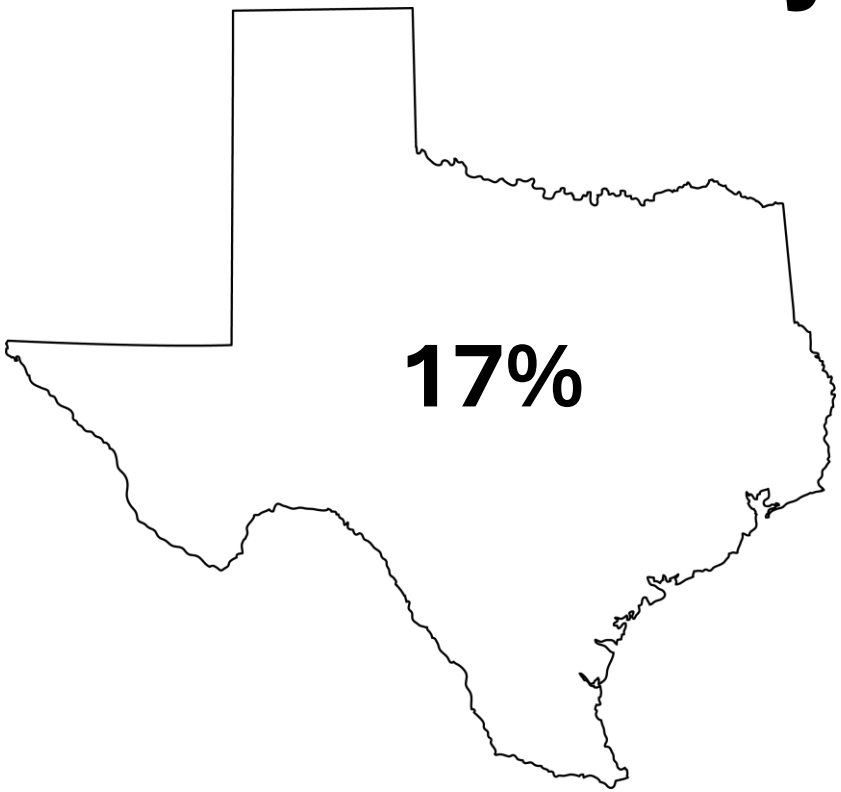


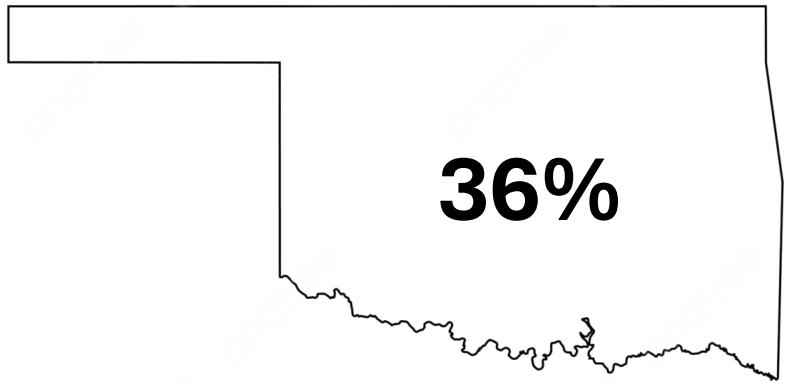


National Low - 53
National High – 989

Source: KNG Health analysis of 2025Q2 POS File iQIES for HHA, ASC, and Hospice Providers and 2024 Medicare Standard Analytic Files.

Percent of Hospice Providers with a Publicly CAHPS Survey Data



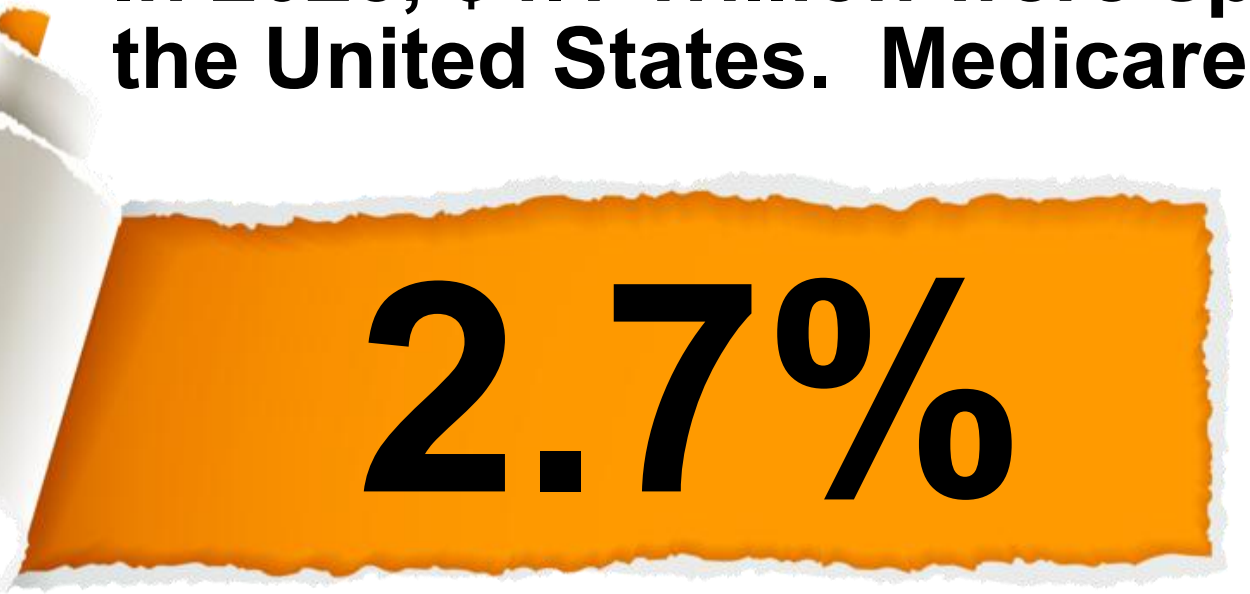


National Low – 8%
National High – 96%

Source: KNG Health analysis of 2025Q2 POS File iQIES for HHA, ASC, and Hospice Providers, 2024 Hospice Standard Analytic Files, and August 2025 Refresh of CAHPS Hospice Survey.

Financial Health Matters

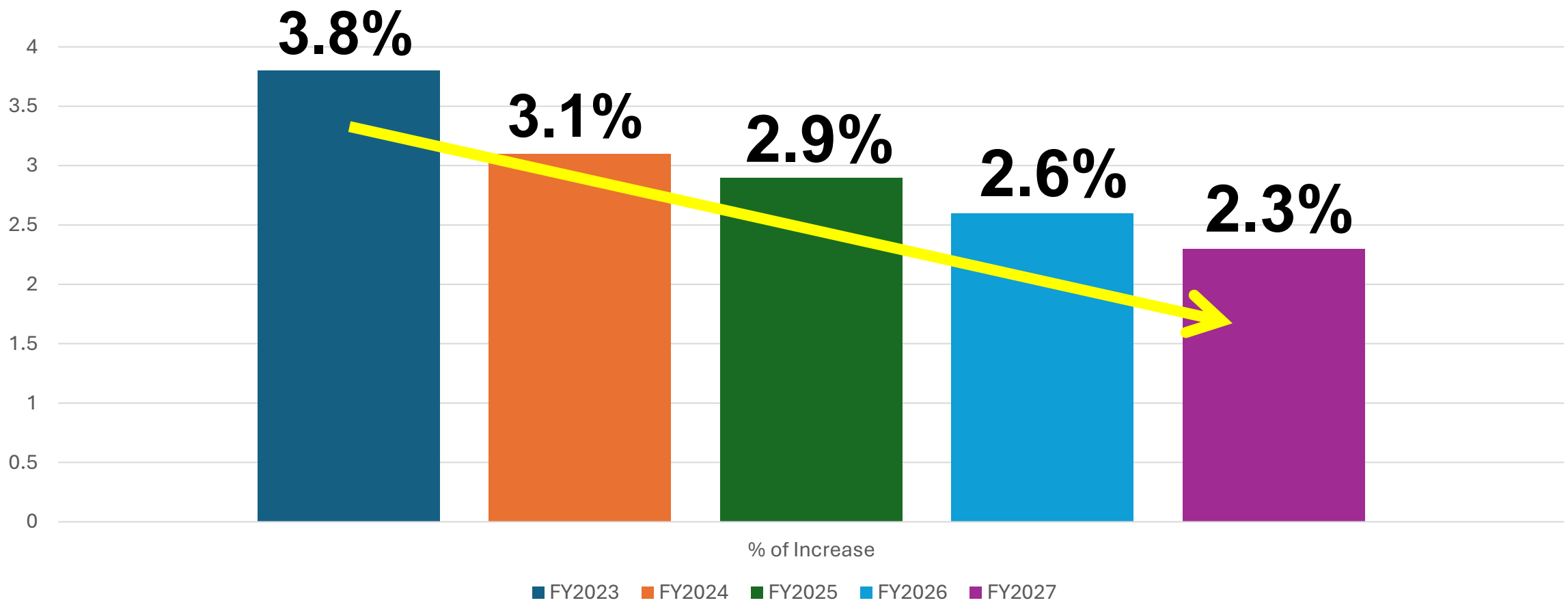
In 2023, $4.1 Trillion were spent on personal health care in the United States. Medicare spending totaled $956 Billion.



of Medicare spending was for hospice services.

Source: Medicare Payment Advisory Commission. A Data Book: Health care spending and the Medicare program, July 2025

Hospice Wage Index Change YOY



Hospice Payment Updates

Updated wage index adjustments based on new labor market delineations from OMB according to data collected from 2020 Decennial Census

- **Numerous other county designation changes**
  - **Urban to rural**
  - **Rural to urban, etc.**
- **5% cap on wage index adjustment decreases**

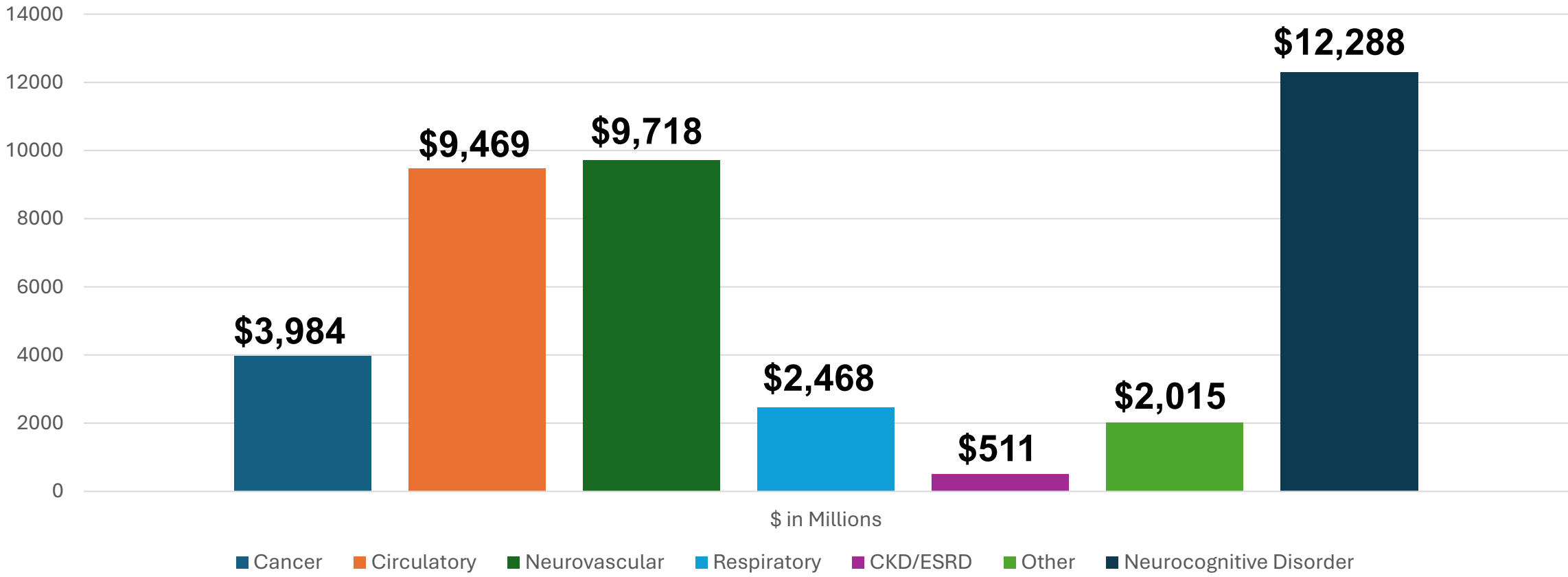
Financial Health Matters

In 2024, Medicare spent roughly $28.2 Billion on hospice services.

was the average Medicare payment for a day of hospice care.

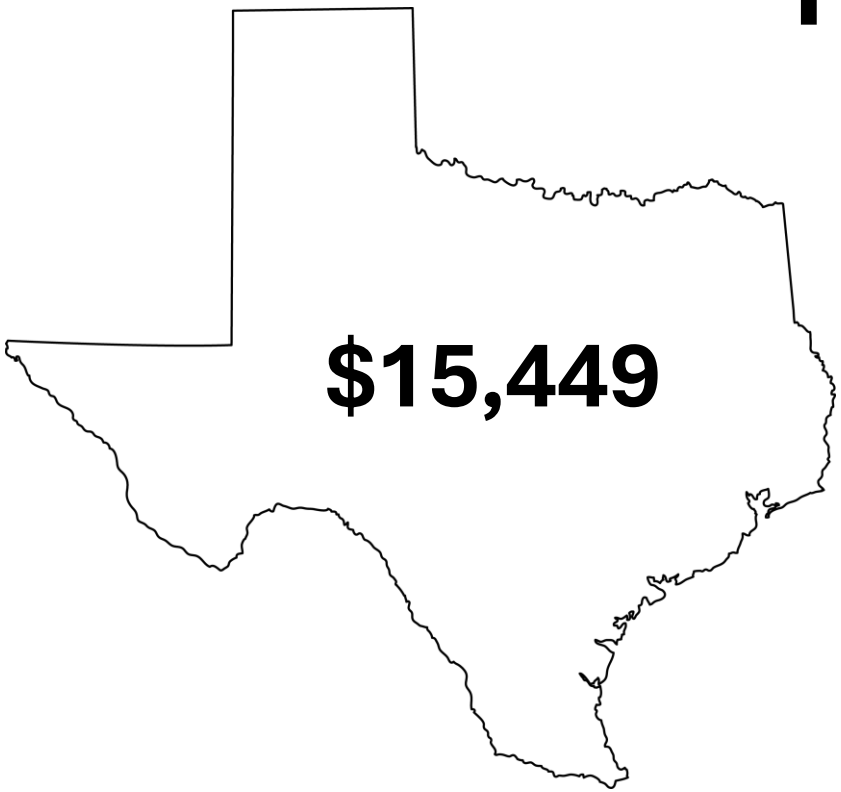
Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

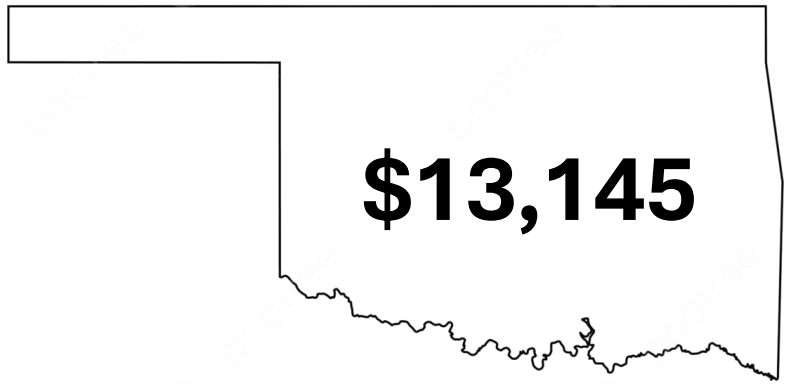
Total Medicare Spending on Hospice Care By Principal Diagnosis, 2024



Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

Average Medicare Spending on Hospice Care





National Low - $9,417
National High -$19,500

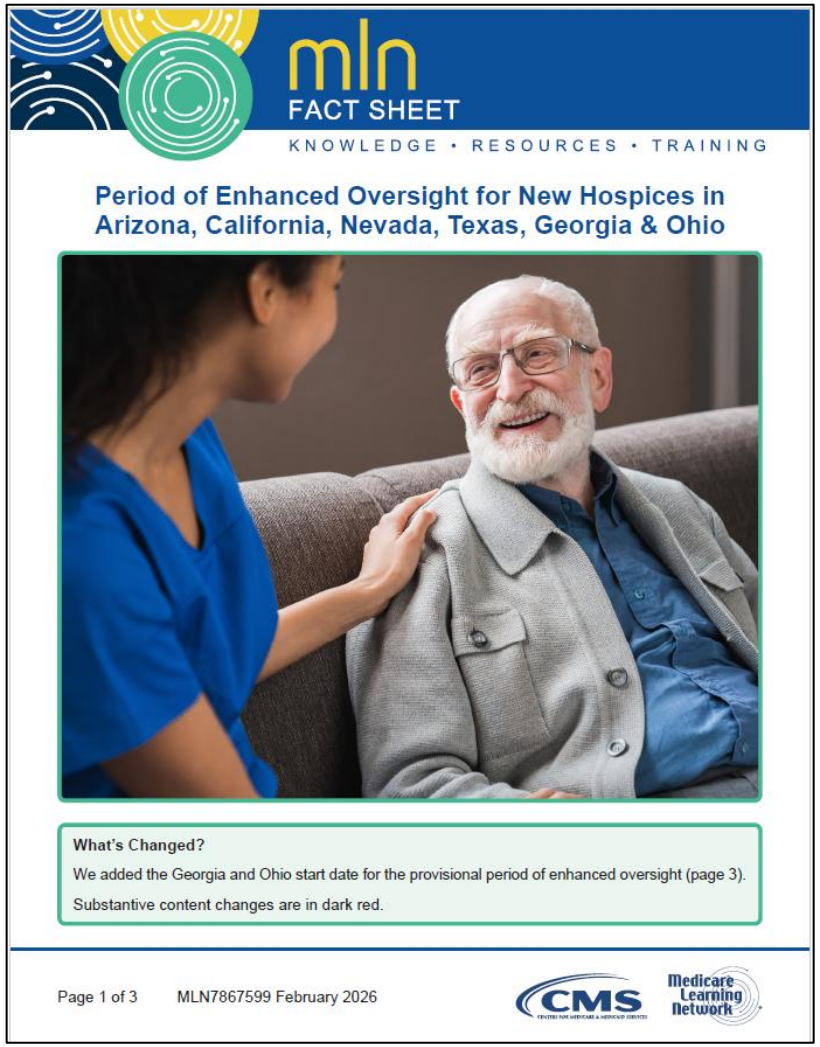
Source: KNG Health analysis of Medicare Standard Analytic Files, 2024.

*Average Medicare spending on hospice care across completed hospice stays is based on the average Medicare hospice claim payment amount for hospice users in 2024 with any discharge disposition except “Still Patient” at the end of 2024

Data Drives Decision Making

“Hospices in Four States To Receive Extra Scrutiny Over Concerns of Fraud, Waste, and Abuse.”

PROPUBLICA



mln FACT SHEET

KNOWLEDGE • RESOURCES • TRAINING

Period of Enhanced Oversight for New Hospices in Arizona, California, Nevada, Texas, Georgia & Ohio

What's Changed?

We added the Georgia and Ohio start date for the provisional period of enhanced oversight (page 3).

Substantive content changes are in dark red.

Page 1 of 3 MLN7867599 February 2026

CMS Medicare Learning Network

Financial Health Matters

Benchmarks

Hospice Cap

KPIs

MAC LEGACY forvis mazars

Understanding The Hospice CAP

Set amount by the Centers for Medicare and Medicaid Services (CMS) each year to calculate the maximum amount a hospice will be reimbursed for Medicare hospice services

- Cap Year matches Hospice FY – October 1 through September 30
- Cap amount is not regionalized
- One lifetime payment limit for each Medicare hospice beneficiary
- Covers all hospices and all election periods

Inpatient Hospice Cap: During the Hospice Cap period the aggregate number of Inpatient (both General Inpatient and Respite) may not exceed 20% of the total hospice days provided.

Hospice CAP Allowance

Current Aggregate Hospice CAP: **$35,361.44** per patient

FY2027 Finalized Aggregate Hospice CAP: **$36,174.75** per patient

2.3% increase

Hospice CAP Reporting

Hospices are required to file a Self-Determined Hospice Cap (SDHC) Report no earlier than 3 months after, and no later than 5 months after the end of the hospice cap year, October 31.

- The earliest a hospice may file its self-determined cap is December 31st and the latest is February 28th of each year.
- Placed on Revenue Hold if not submitted.

Self reporting measurement is only a point in time measurement, not final due to a three year look back period.

Hospice CAP Repayment

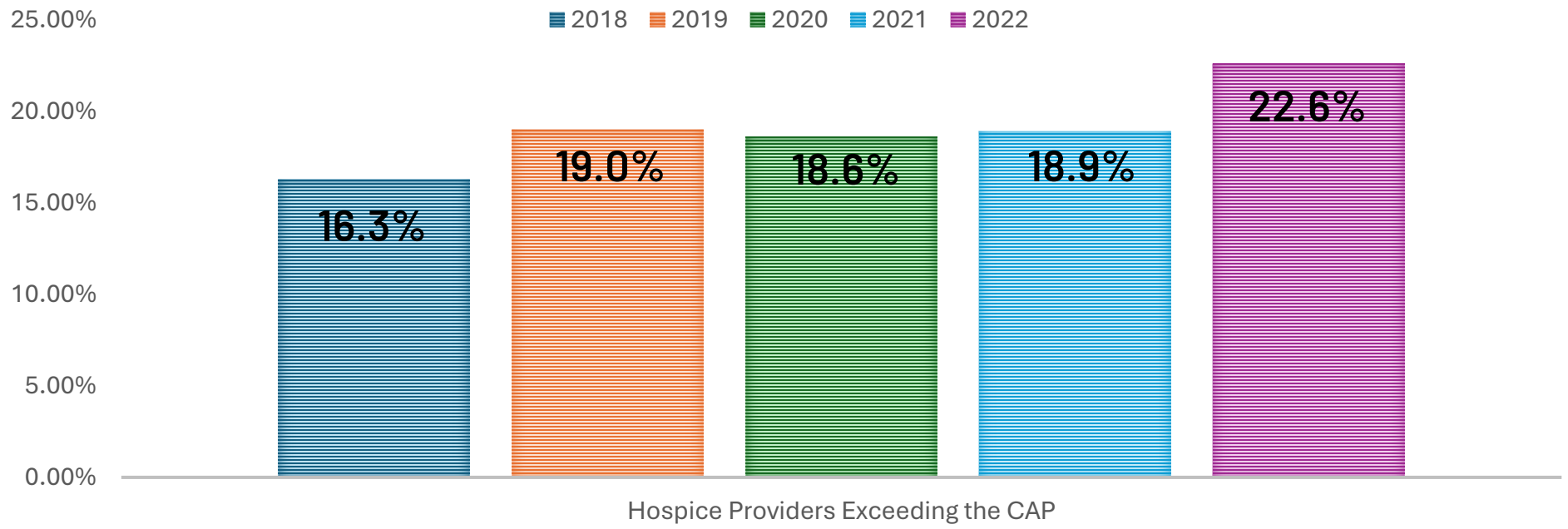
Funds are due once reports are submitted to their MAC, if overpayments are identified. Provider will receive a Repayment Demand Letter (15 days to respond).

A Provider can apply for an extended repayment schedule between six months to five years if money is owed due to overpayments.

- Six months to eleven months only requires an amortization schedule
- Twelve months to five years requires comprehensive set of financial statements

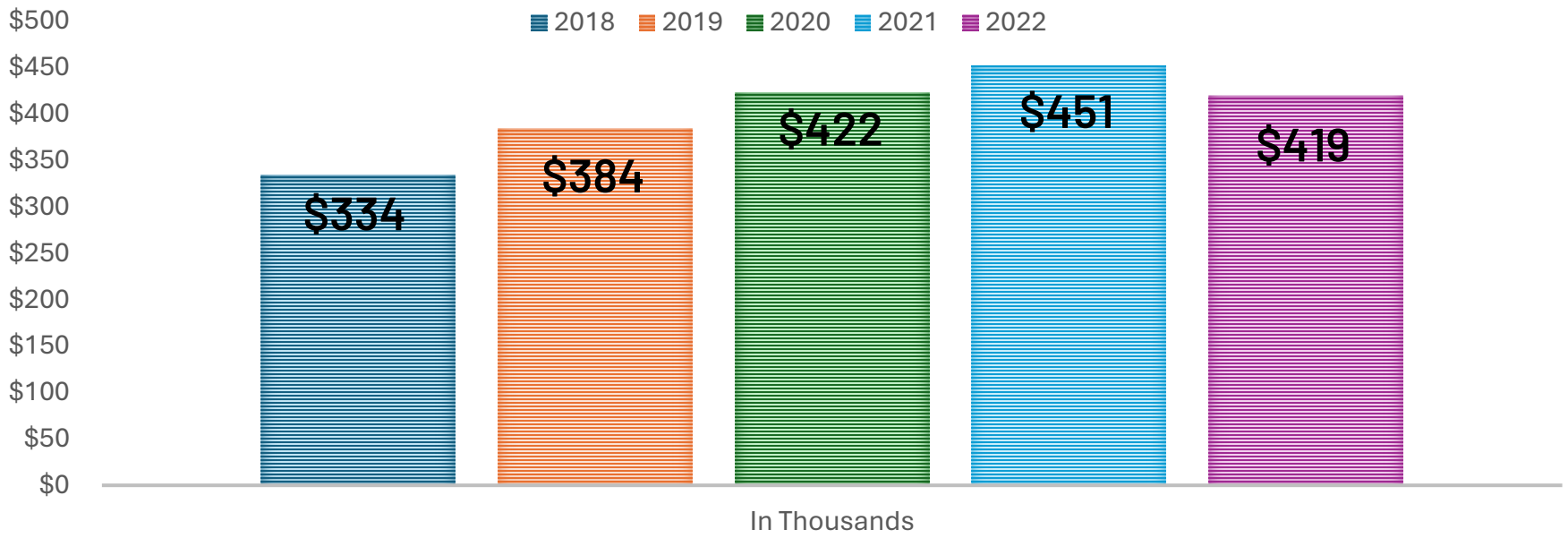
Expect a 10% interest rate charge

% Exceeding Hospice CAP Allowance



Source: Medicare Payment Advisory Commission. Report to Congress, March 2025.

Avg. Payments Exceeding Hospice CAP Allowance



Source: Medicare Payment Advisory Commission. Report to Congress, March 2025.

Financial Health Matters

Benchmarks

Hospice CAP

KPIs

What Is A KPI?

2024 Medicare Hospice KPI Report

forvis mazars

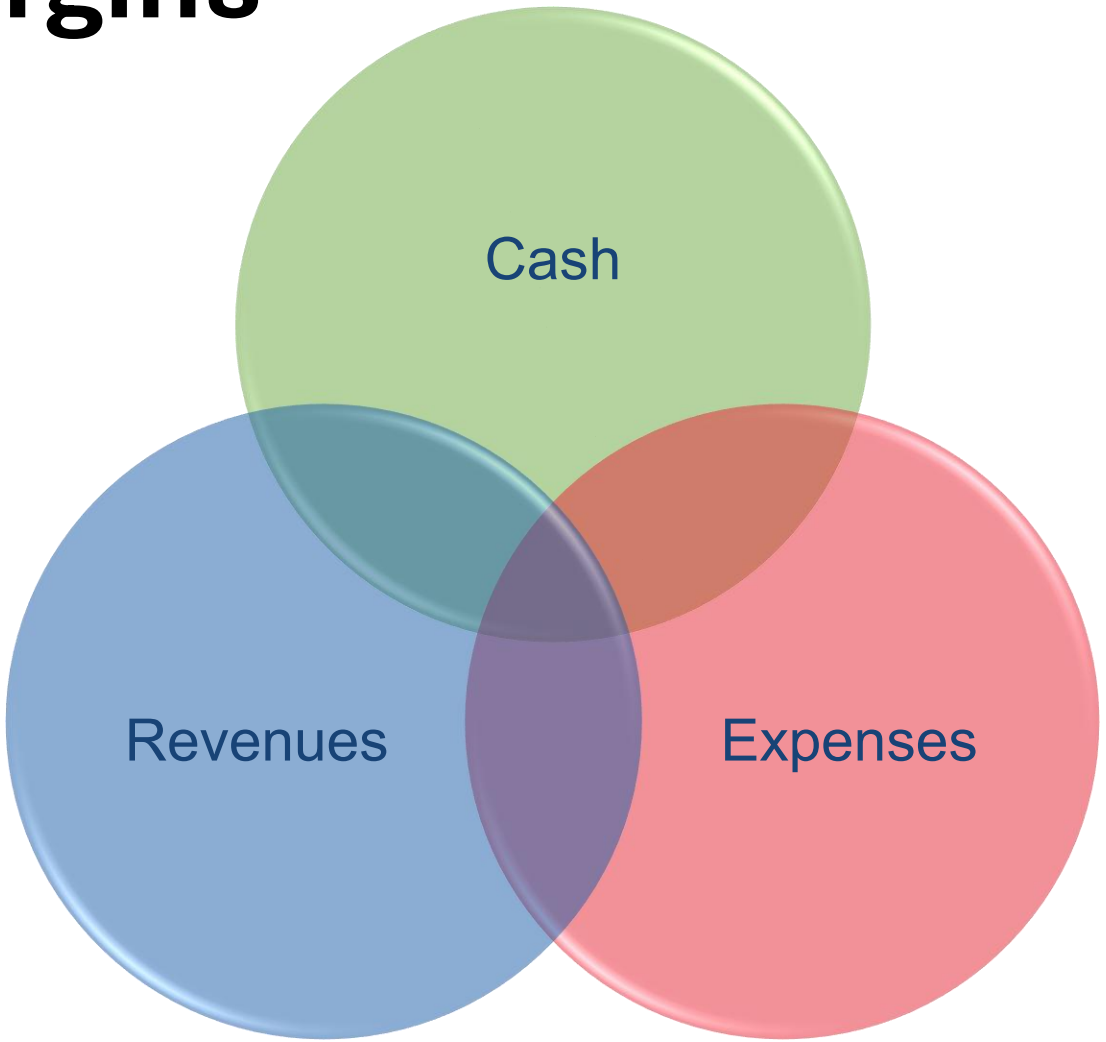
	Peer Group Data[1]			State Data[1]			National Data[1]		
	All Oklahoma Freestanding Hospice Agencies			All Texas Freestanding Hospice Agencies			All United States Freestanding Hospice Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
	Total agencies in peer group data: 112			Total agencies in State group data: 795			Total agencies in national data: 5,209		
Service Statistics									
Total hospice days	8,932	19,102	33,065	4,906	11,486	25,154	5,513	12,894	29,023
Average daily census	25	52	90	13	32	69	15	36	79
Total hospice patient revenue	$1,413,433	$3,156,149	$ 5,210,148	$ 834,083	$1,940,260	$ 4,437,576	$ 1,035,909	$ 2,338,310	$ 5,225,027
Payer mix, measured on total days									
Medicare	90.81%	94.69%	98.72%	94.15%	98.69%	100.00%	89.46%	94.86%	99.06%
Medicaid	0.00%	0.00%	0.06%	0.00%	0.00%	1.41%	0.00%	0.61%	3.20%
Other	1.28%	4.27%	8.61%	0.00%	0.38%	3.78%	0.00%	1.97%	5.84%
Service mix, measured on total days									
Continuous home care	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.01%
Routine home care	99.69%	99.83%	99.92%	99.19%	99.61%	99.93%	99.45%	99.82%	100.00%
Inpatient respite care	0.06%	0.14%	0.25%	0.00%	0.23%	0.48%	0.00%	0.05%	0.29%
General inpatient care	0.00%	0.00%	0.03%	0.00%	0.00%	0.13%	0.00%	0.00%	0.08%
Infacility inpatient days									
Inpatient respite care	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%
General inpatient care	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%
Contracted inpatient days									
Inpatient respite care	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
General inpatient care	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

Hospice | Margins

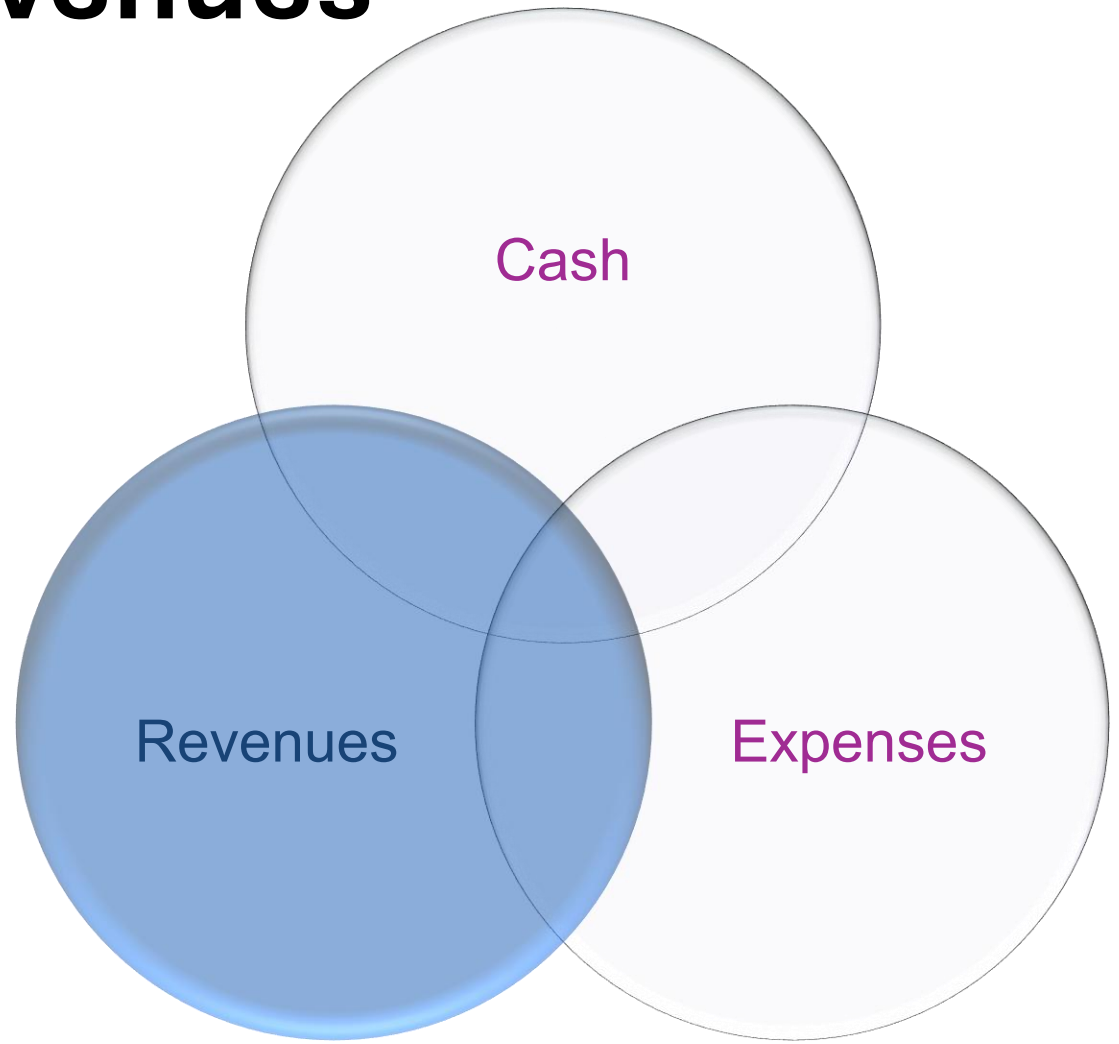
Hospice KPI	Oklahoma	Texas	Nation
Gross margin	46%	47%	48%
Overall margin	9.2%	6.0%	7.3%

Note: Represents median data for freestanding agencies

Hospice | Margins



Hospice | Revenues

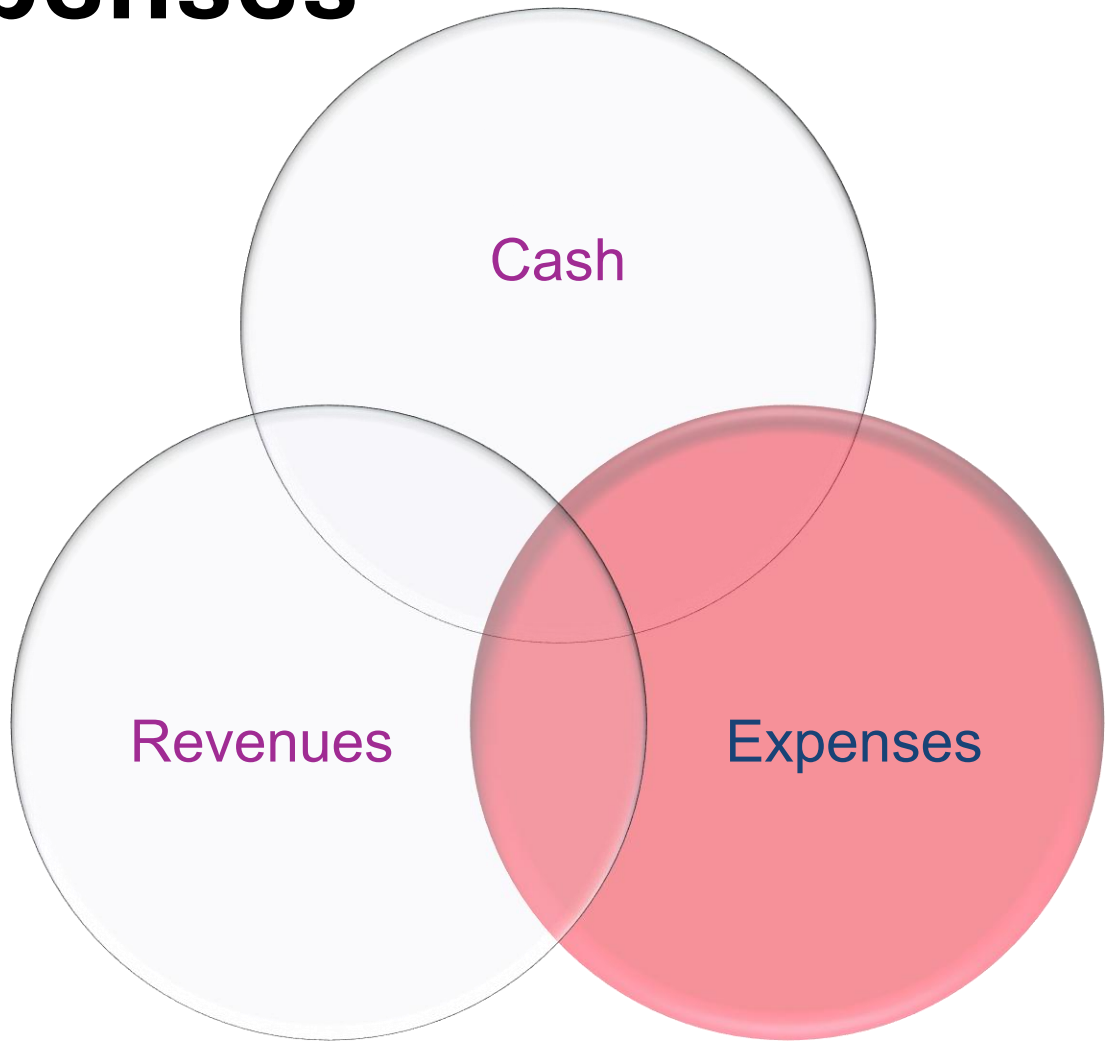


Hospice | Revenues

Hospice KPI	Oklahoma	Texas	Nation
ADC	52	32	36
Total revenues	$3.2 million	$1.9 million	$2.3 million
Average revenue per day	$160	$170	$181

Note: Represents median data for freestanding agencies

Hospice | Expenses



Note: Represents median data for freestanding agencies

Hospice | Expenses | Direct

Hospice KPI	Oklahoma	Texas	Nation
Direct exp. as a % of rev.	*54%*	*53%*	*52%*
Average cost per day			
Nursing	$38	$35	$38
Aide	$12	$12	$11
Social worker	$5	$5	$5
Spiritual counseling	$4	$4	$4
Pharmacy	$8	$6	$6
DME	$7	$6	$6
Medical supplies	$3	$3	$4

Hospice | Expenses | Indirect

Hospice KPI	Oklahoma	Texas	Nation
Indirect exp. as a % of rev.	31%	*36%*	*35%*
Average cost per day			
A&G	$58	$67	$74
Capital, plant & maintenance	$4	$5	$5

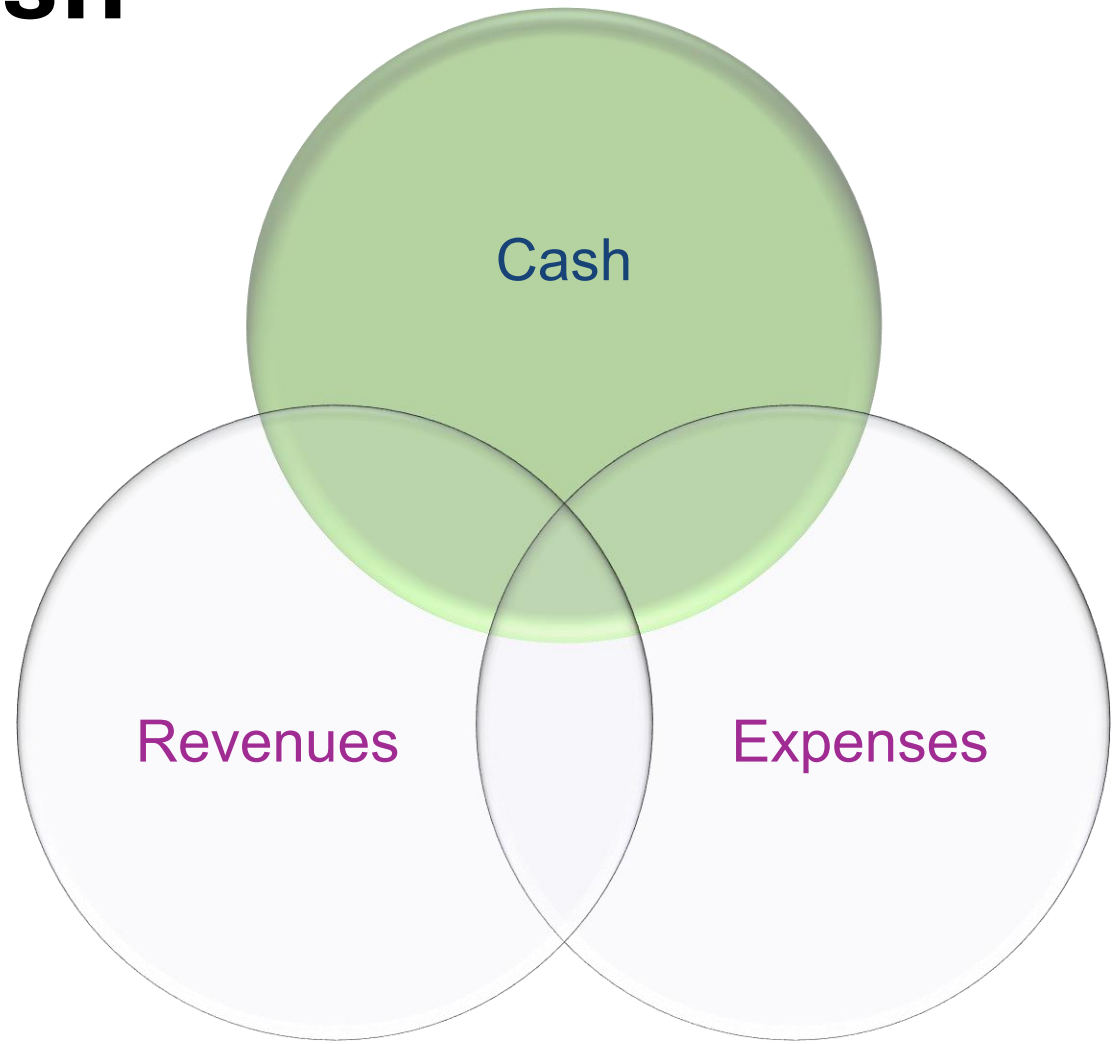
Note: Represents median data for freestanding agencies

Hospice | Expenses | Level of Care

Hospice KPI	Oklahoma	Texas	Nation
Average cost per day			
Routine Home Care	$139	$145	$155
% of revenue	*83%*	*83%*	*82%*
General Inpatient Care	$1,046	$1,058	$1,096
% of revenue	105%	*103%*	*102%*
Inpatient Respite Care	$569	$504	$517
% of revenue	*122%*	*113%*	*115%*

Note: Represents median data for freestanding agencies

Hospice | Cash



Hospice | Cash

Hospice KPI	Oklahoma	Texas	Nation
Days sales outstanding	53 days	47 days	51 days
% of Medicare days	*95%*	*99%*	*95%*

Note: Represents median data for freestanding agencies

The Controllables

STAFFING

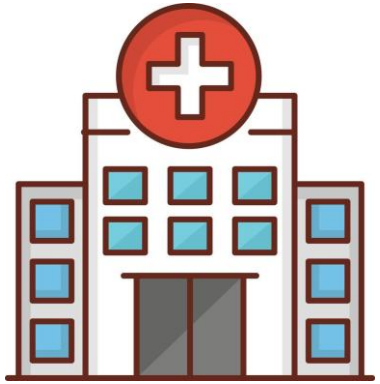
PHARMACY

DME

MEDICAL SUPPLIES

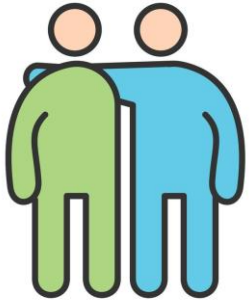
The Controllables

LEVELS OF CARE



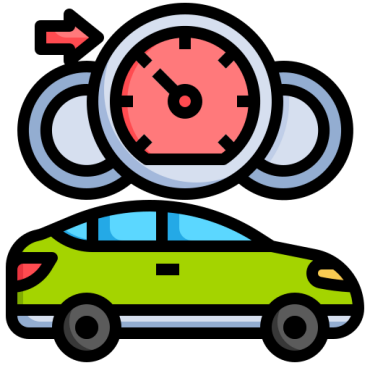
GENERAL INPATIENT

CONTINUOUS CARE



RESPITE

The Controllables



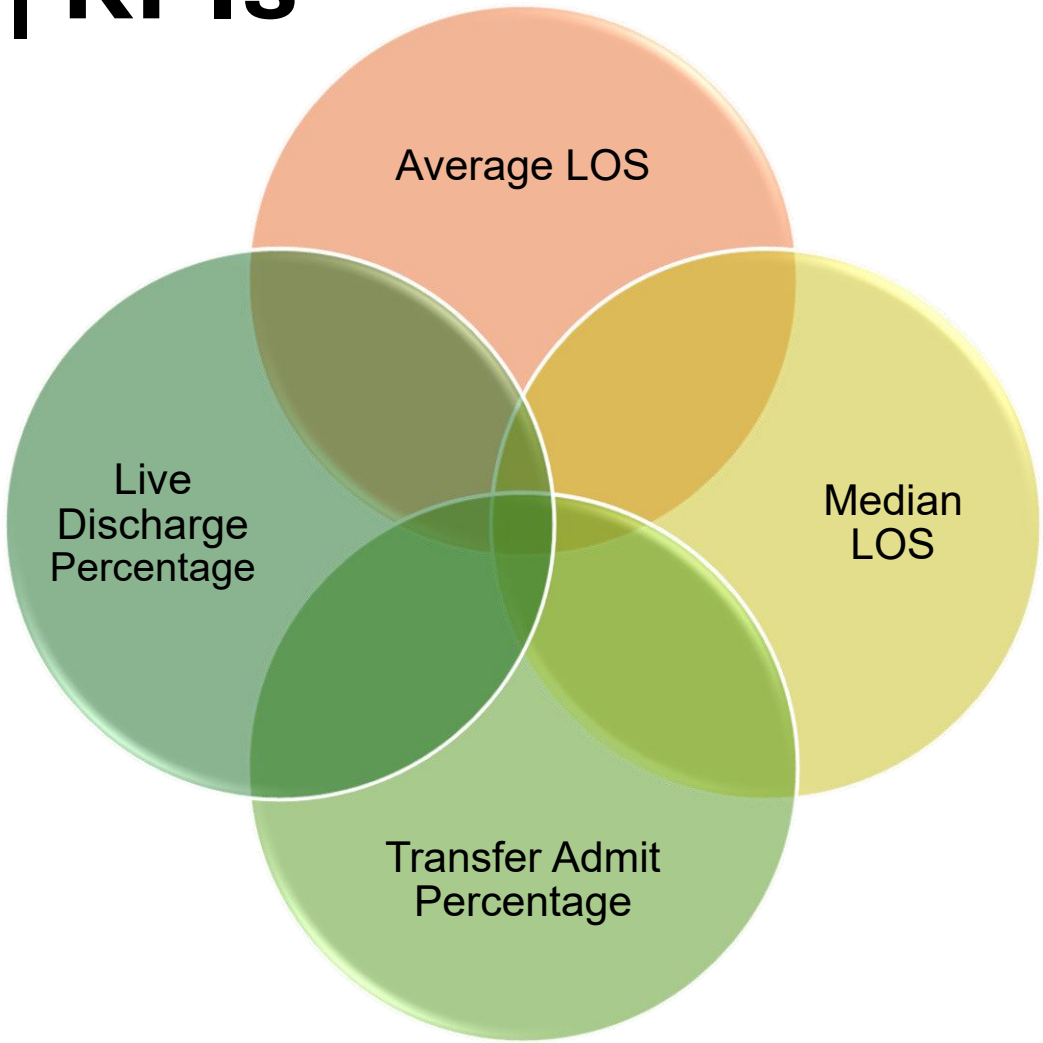
MILEAGE

MEDICAL DIRECTOR EXPENSE

MARKETING EXPENSE

BAD DEBT / WRITE OFFS

Hospice CAP | KPIs



Hospice CAP | KPIs

Track for Current Cap Year and the last twelve months.

ALOS and MLOS

- Deceased Patients
- Active Census
- Combined (weighted average, not a simple average of the two)

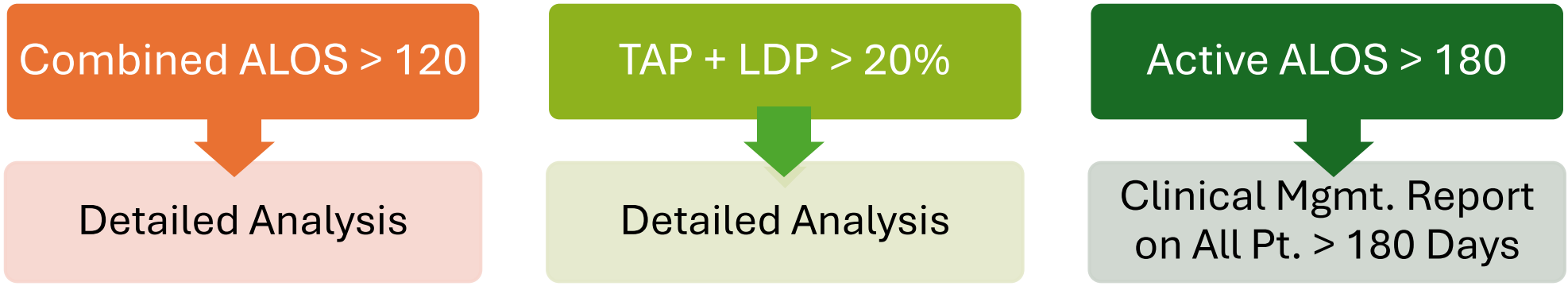
LDP

- Live discharges as a percent of total discharges for the same period

TAP

- Admissions that transferred in from a prior hospice (including readmits) as a percentage of total admits for the same period.

Hospice CAP | KPI Triggers



Hospice CAP Risk Factors

Small sized hospice provider (30 patients or less)

Admission numbers are declining month-over-month

Low admit rate of Medicare first-time hospice beneficiaries

- Need 75% of admissions to be first time to hospice beneficiaries versus transfer/readmit patients

4:1 Ratio Test - Is ratio of census to average monthly admits greater than 4:1?

- Example: A hospice with an ADC of 40 needs to have 10+ admits per month to maintain good Hospice Cap health.

Hospice CAP Mitigation

Increased case mix of short length of stay patients is the only true solution.

- Evaluate Referral Source Potentials
- Seek Hospital Arrangement
- Increase In-Patient Hospice Admissions

Increase overall number of admits especially earlier in the FY.

Build significant cushion to weather three-year benefit credit erosion year-over-year.

Financial Health Matters

Mitigating Risk

Culture Clues

- What do you talk about?
- What is on the walls?
- Who do you hire?
- Orientation Program?
- Rewards / Incentives?

Culture Change

Pick Practices You Can Manage, Monitor, and Build

- Assess The Data
- Drill Down
- Identify The Focus
- Make A Plan

Culture Rules

Clearly Communicate Expectations

Promote Knowledge Sharing

Allocate Resources Effectively

Offer Timely and Constructive Feedback

Key Performance Indicators (KPIs)

- Quality
- Finance
- Operations
- Revenue Cycle
- Compliance

Key People Indicators (The New KPIs)

- Work/Life Balance
- Communication
- Accountability
- Recognition
- Empowerment

Key People Indicators (The New KPIs)

- **We**rk/Life Balance
- **C**ommunication
- **A**ccountability
- **R**ecognition
- **E**mpowerment

Financial Health Matters

JW MARRIOTT®

“If you take care of your people, they will take care of your customers, and your business will take care of itself.”

~ J.W. Marriott ~

If you think, Money can’t buy happiness, you are not spending it right.


Questions?

Financial Health Matters

Acronyms

- **A&G** Administrative & General
- **ADC** Average Daily Census
- **ALOS** Average Length of Stay
- **CAHPS** Consumer Assessment of Healthcare Providers & Systems
- **CBSA** Core-Based Statistical Area
- **CHC** Continuous Home Care
- **CLD** Condition Level Deficiency
- **CMS** Centers for Medicare & Medicaid Services
- **CPM** Capital, Plant & Maintenance
- **DME** Durable Medical Equipment
- **DSO** Days Sales Outstanding/days of revenues in receivables
- **EMR** Electronic Medical Record
- **IRC** Inpatient Respite Care
- **GIP** General Inpatient Care
- **HCI** Hospice Care Index
- **HOPE** Hospice Outcomes and Patient Evaluation
- **HVLDL** Hospice Visits in Last Days of Life
- **KPI** Key Performance Indicator
- **LPN** Licensed Practical Nurse
- **MAC** Medicare Administrative Contractor
- **MedPAC** Medicare Payment Advisory Committee
- **MLOS** Median Length of Stay
- **Alliance** National Alliance for Care at Home
- **NF** Nursing Facility
- **PEPPER** Program for Evaluating Payment Patterns Electronic Report
- **PS&R** Provider Statistical & Reimbursement Report
- **R&B** Room & Board
- **RHC** Routine Home Care
- **RN** Registered Nurse
- **SNF** Skilled Nursing Facility

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