

## Helping Patients Access the Most Underutilized Medicare Benefit and Setting New Standards for Hospice Care

### HISTORY

In July 1995, Vista Hospice Care opened its doors and by December launched its first Medicare-certified hospice program in Scottsdale, Ariz. Three years later, the VistaCare name was introduced. VistaCare quickly attracted other hospice organizations with a common vision. In July 1998, VistaCare acquired Family Hospice Ltd., an industry leader with 21 facilities and 900 patients in Texas, Oklahoma and New Mexico. Shortly following the acquisition of Family Hospice, Kentucky-based Vencor's hospice operations joined VistaCare. This August 1998 acquisition added 20 sites and 450 patients to VistaCare's operations. By mid-2002, VistaCare's daily census—those patients receiving hospice care—reached more than 3,300.

Today, VistaCare (NASDAQ: VSTA), is a leading provider of hospice services in the United States, with 47 programs in 14 states with thousands of patients receiving care each day. Through interdisciplinary teams of physicians, nurses, home healthcare aides, social workers, spiritual and other counselors, and volunteers, VistaCare provides care primarily designed to reduce pain and enhance the quality of life of patients facing life-limiting illness, most commonly in the patient's home or other residence of choice.

### COMPREHENSIVE CARE PHILOSOPHY

Only one in three eligible patients access the hospice benefit available to them, and through a pioneering philosophy, VistaCare is working to address this nationwide issue, one patient at a time. VistaCare believes there should be no barriers to high quality end-of-life care and that all hospice-eligible people deserve the best care possible. VistaCare's philosophy enables all hospice-eligible patients and their families to receive care, regardless of the complexity of their medical needs or issues. Patients retain control of their care, are encouraged to make choices, and do not have to give up current treatment or surrender the hope that they may recover. There are no further conditions or restrictions, beyond eligibility requirements.

"We believe that every eligible patient deserves hospice care," said Rick Slager, chairman and CEO of VistaCare. "Our comprehensive care philosophy provides that opportunity and allows us to reach more eligible patients and families in the communities we serve."

This has led to an expanded referral base, enhanced services to clients, and earlier admission to hospice care for patients than with traditional hospice programs. As a result, VistaCare's average length of stay is 109 days – 54 percent higher than the industry average.

### 100% COVERED BY MEDICARE

Hospice services are covered under Medicare, Medicaid, and most private insurance plans. Medicare is the largest payer for hospice services. The Medicare Hospice Benefit, initiated in 1983, is covered under Medicare Part A and provides that Medicare beneficiaries who choose hospice care receive a full scope of medical and support services for their terminal illness, including coverage of all medical equipment, medications, and other supplies. Hospice care also provides support to the family and loved ones through a variety of emotional, spiritual, and bereavement services. Patients with Medicare coverage have already paid for hospice throughout their working life via Medicare payroll deductions, and there are no further out-of-pocket costs. In addition, hospice is covered by most Medicaid and commercial insurance plans with few, if any, out-of-pocket costs.

### HOSPICE AS THE MOST UNDERUTILIZED MEDICARE BENEFIT

According to the National Hospice and Palliative Care Organization (NHPCO), there are 4,160 hospice providers in the United States. These organizations provided care to more than 1.2 million terminally ill Americans in 2005. However, the NHPCO estimates that as many as two-thirds of all eligible patients do not receive the hospice benefit. And while the Medicare hospice benefit is designed to provide care for the last 180 days of life, a 2004 study by the NHPCO revealed that more than 35 percent of hospice patients were on service for less than a

week. This means that even these patients who are accessing the care are still only receiving a small fraction of the benefit.

VistaCare believes the lack of awareness of hospice and other obstacles to access are preventing too many people in the United States from receiving the hospice care to which they're entitled, said Slager. "Unfortunately, many people – including patients, their friends and family, and even some healthcare professionals—aren't familiar with the services of today's hospice. Sadly, this has resulted in only a small percentage of people who are eligible for hospice care making use of its full benefits. At VistaCare, we're determined to bring the gift of hospice to as many eligible patients as possible ... as early as possible."

The Center for Medicare and Medicaid Services has said: "Hospice care is an essential Medicare benefit ... however, we are concerned that some individuals who may want hospice care, and could benefit from it, may not be learning about it or may be learning about it late in the course of their illness."

### **HOSPICE SAVES TAXPAYER MONEY VS. TRADITIONAL CARE**

Recent estimates by the Center for Medicare and Medicaid Services (CMS) have concluded that the cost of care per day for hospice patients is approximately 1/20<sup>th</sup> the cost of care for comparable patients receiving other medical services in hospitals. CMS also has reported that for every dollar Medicare spends on hospice care, it saves \$1.52 in other medical expenses. This translates directly to taxpayer savings and helps to contain rising insurance premium expenses.

### **AS AMERICANS AGE, THE NEED FOR HOSPICE CARE WILL INCREASE**

Eighty one percent of the people who use hospice care are over the age of 65. Recent census reports show that there are more than 40 million Americans over the age of 65 and that this number is expected to double over the next 30 years as the Baby Boomers age. Additionally, the 65 and over age group is growing three times faster than the general population.

### **PROVIDING CARE WHEREVER OUR PATIENTS CALL HOME**

Hospice care is available in a variety of settings and locations—with a clear focus on the individual needs of the patient and family. In many cases, care will be brought to the patient's home, allowing the entire family the comfort and convenience of this familiar setting. In other cases, hospice care is brought to wherever a patient may call

"home" – a nursing home, assisted living community, hospital, or other location of their choice. Decisions about the environment of care are made based upon the medical needs and preferences of the patient and family, and every effort is made to respect the patient's desire to receive care where they are most comfortable.

### **47 COMMUNITIES, 14 STATES**

The number of patients served by VistaCare has more than doubled since 2001. Now with patients on service in 47 communities in 14 states, VistaCare is establishing a strong presence in communities where hospice care is needed most, including many rural and other non-urban areas. In 2005, VistaCare acquired Prayer of Jabez Hospice in Houston and Lovelace Sandia Hospice in Albuquerque. Nine programs and three inpatient units opened in 2005. In 2006, one program and two inpatient units opened their doors. Two inpatient units have opened in 2007.

"Our program growth in both major metropolitan markets and our smaller, rural communities is a direct reflection of our access philosophy, the quality of our staff and the care they provide," Slager said. "We take pride in reaching out to those patients and families who need us, and we're continuing to identify additional communities across the country who can benefit from the care we provide. This is consistent with our mission and reflects the heart and soul of the more than 2,700 people and 1,500 volunteers who work as part of the VistaCare family."

VistaCare serves patients in the following communities: **Alabama:** Montgomery, Phenix City; **Arizona:** Phoenix, Tucson; **Colorado:** Denver; **Georgia:** Athens, Atlanta\*, Columbus\*, Douglasville, Griffin, Lawrenceville, Macon, Newnan, Savannah; **Indiana:** Evansville, Indianapolis, New Albany, Terre Haute; **Massachusetts:** Boston; **Nevada:** Reno; **New Mexico:** Albuquerque\*, Carlsbad, Clovis, Hobbs, Roswell; **Ohio:** Columbus; **Oklahoma:** Cushing, Oklahoma City, Purcell, Tulsa; **Pennsylvania:** Philadelphia; **South Carolina:** Greenville; **Texas:** Amarillo, Austin, Corpus Christi\*, Dallas, Greenville, Houston\*, Kerrville, Lubbock\*, San Angelo, San Antonio, San Marcos, Temple, Waco; and **Utah:** Ogden, Salt Lake City.

*\*indicates inpatient unit*

For more information, call 1-866-VISTACARE or visit VistaCare on the Internet at [www.VistaCare.com](http://www.VistaCare.com).