



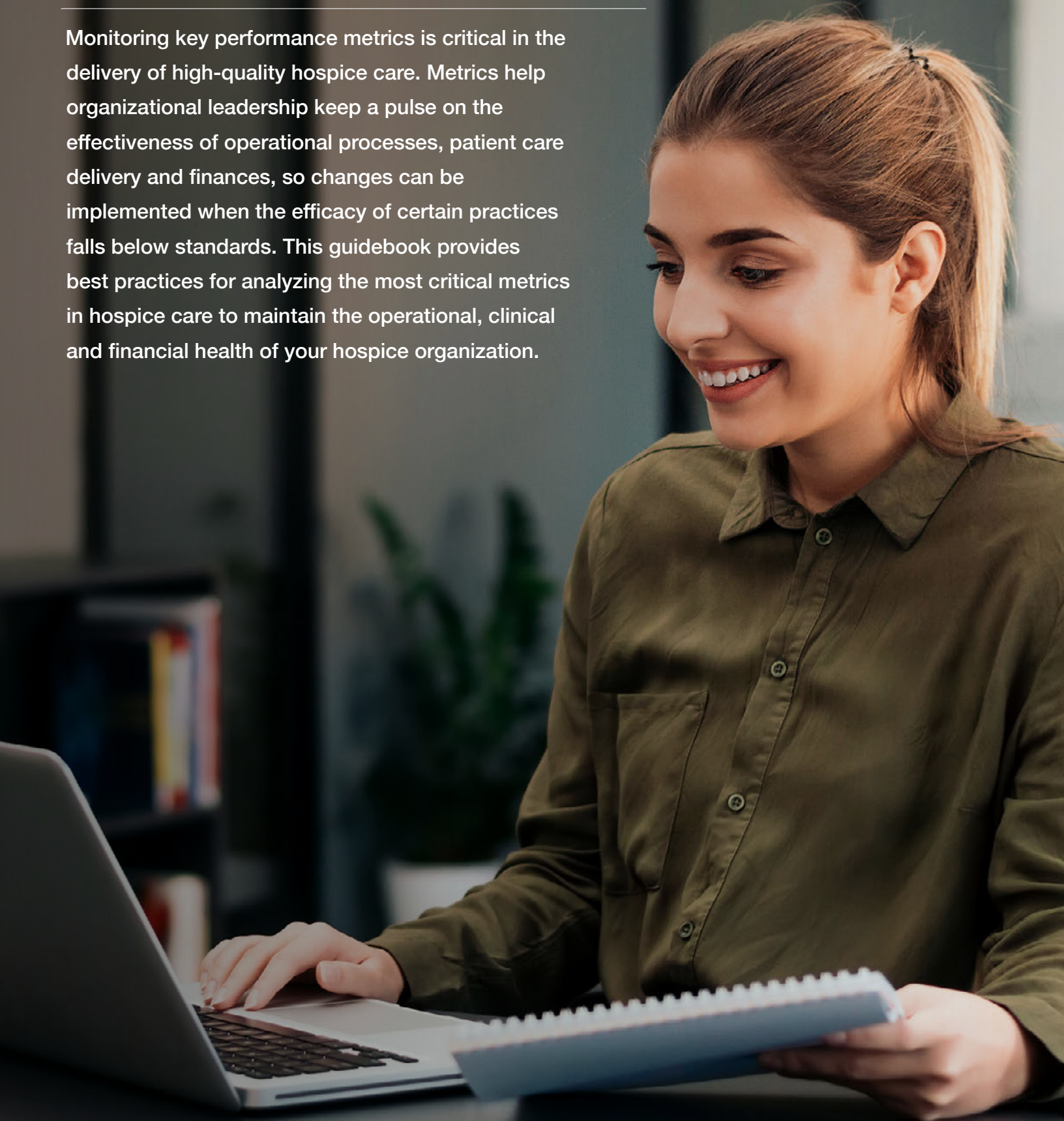
METRICS THAT MATTER IN HOSPICE CARE

Improve Your Hospice by Monitoring These Key Metrics

FINANCIAL METRICS

Financial Metrics

Monitoring key performance metrics is critical in the delivery of high-quality hospice care. Metrics help organizational leadership keep a pulse on the effectiveness of operational processes, patient care delivery and finances, so changes can be implemented when the efficacy of certain practices falls below standards. This guidebook provides best practices for analyzing the most critical metrics in hospice care to maintain the operational, clinical and financial health of your hospice organization.



▶ **Gross Profit Margin**

When analyzing your organization’s financial health, begin with your gross profit margin. Your gross profit margin represents how much of your incoming revenue is kept as gross profit. To calculate your gross profit margin, subtract your direct expenses from your total revenue. Divide the difference by your total revenue, and multiply by 100 to calculate a percentage.

$$\frac{(\text{Total Revenue} - \text{Direct Costs})}{\text{Total Revenue}} \times 100 = \text{Gross Profit Margin}$$

Hospices should aim for a gross profit margin of 50-55%. To increase your gross profit margin, evaluate your direct costs and revenue, and establish initiatives to grow your census (increasing revenue) and minimize costs.

▶ **Average Daily Census**

Monitoring your organization’s average daily census enables you to make revenue projections that inform budgeting. If your average daily census yields less revenue than necessary for a healthy profit margin, focus on growing your census to generate additional revenue and/or assessing your cost of care per patient to identify ways of limiting unnecessary expenditures. Your organization’s hospice software should provide reporting that automatically generates your average daily census for easy review and analysis.

▶ **Cost Per Patient Day**

Hospice care is reimbursed per patient per day, based on the patient’s level of care and geographical location. Monitoring the per-day cost of supplies, durable medical equipment, medications and staffing is necessary to operate within revenue. When monitoring your cost of care per day, remember the hospice cap for 2022 is \$31, 297.61 per patient (approximately \$173.88 per day for routine level of care).



▶ **NOE Timeliness**

Notices of Election (NOEs) must be submitted by the hospice and accepted by CMS within five calendar days of admission. This deadline is critical, as hospices that fail to meet the deadline will not be paid for the services provided until the NOE is submitted. If the NOE is submitted on day six, the hospice will not be paid for the six days of care provided before the NOE was submitted. To ensure your organization meets the five-day deadline with enough time to apply any subsequent corrections, aim to submit your NOEs within 72 hours of admission. Your hospice software should streamline the processes for NOE submission and tracking.

▶ **Accounts Receivable Days**

Accounts receivable (AR) days are the number of days it takes to receive payment on a claim. Monitoring AR days is critical, as the risk of not receiving reimbursement increases the longer a claim stays in AR. In general, hospices should aim to keep AR days at or under 45 days for all payers. The key to achieving this is submitting clean, error-free claims as soon after discharge as possible. Your organization's hospice software should provide financial reporting that displays days in AR for each claim, enabling easy monitoring.



Your organization's payer mix plays an important role in AR days, as each payer has different requirements and timeframes for reimbursing claims.

To optimize performance on each of these metrics, evaluate your organization's current performance, identify areas that require improvement and create an action plan, integrating the best practices provided above. After implementing your improvement plan, continue monitoring these metrics to gauge ongoing progress.

Remember, every hospice has unique needs and improvement goals. Being proactive by monitoring metrics with the highest risk stratification assignment is key.

For additional information on hospice metrics that matter, or to learn more about hospice technology solutions designed for your success, [connect with Axxess](#).

About the Authors



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