To: Policy Makers  
From: Raïssa S. Sorgho  
Re: Policy Makers and End of Life Care

The cost of healthcare in the United States is not equally distributed over the different age brackets. The costs at the end of life are the heaviest. Since the 1960’s the trend of rising cost at the end of life has been acknowledged via numerous studies. The lack of private insurance for the elderly explains the existence and heavy use of Medicare. Studies consistently demonstrate …

- 27% to 30% of Medicare payments each year are for the 5% to 6% of Medicare beneficiaries who die in that year
- In 1988, the mean Medicare payment for the last year of life of a beneficiary who died was $13,316, as compared with $1,924 for all Medicare
- Payments for dying patients during the last month of life constitute 40 percent of payments during the last year of life

There are numerous hypothesized solutions to reducing the cost of end-of-life care, two of the most prominent being 1. The use of advanced directives 2. The utilization of hospice care

**Advanced directive**

- Legal documents that allow individuals to make decisions about the care they desire at the end of their lives. This document becomes applicable when the concerned individuals are unable to express their wishes.
- A way to communicate to friends, family and healthcare providers desires a head of time of what treatments (from tube feeding, to organ transplants, and resuscitation to dialysis) you desire (National Institute of Health).
- Researchers citizens should be mandate to complete advanced directives as part of their health records. In so doing patients reduce indecision of their family members at the end of their life.
- Reduce the statistics of terminally ill patients who spend more time in hospital beds then they desire and are artificially kept alive for longer time periods then desired. Further incur costs on the Medicare system, which covers end-of-life care of aging citizens.
- As a result both the patient (whose wishes are respected) and the healthcare system (which incurs fewer costs) benefit.

**From Hospital Care to Hospice Care**

- Citizens resort to hospitals (which have high operating costs and increasing charges) as the only place of treatment when better alternative exist. To reduce the surcharged hospitals, healthcare specialists have pushed for the utilization of hospices.
- Hospices specialize in end-of-life care and are run by teams of healthcare professionals and volunteers. Hospice care can be administered in a hospice center or at home. Usually hospice patients are those expected to live 6 month or less (National Institute of Health)
- Caregivers in hospices provide all-inclusive care and support, from physiological counseling to pain management and family programs.
- Moving patients from costly hospital rooms to hospices frees up beds in hospitals and reduces the likelihood of families demanding continued intensive and costly medical examination.

**Limitations of Advanced Directives and Hospices Care**

- The use of advanced directives and hospices offer seemingly non-invasive and rational ways of reducing healthcare costs. Unfortunately their studied effects have not yielded exceptional results.
- Several small-scale studies comparing the end of life costs of patients suggested the use of advanced directives before death and patience that did not use advanced directives showed no significant differences in the costs of the two groups at the end of life.
- Hospice care save on average 31% to 64% on hospital cost. Unfortunately the longer a patient remains in hospice care the faster these savings diminish.
- The reduction of “futile care” and “refusal of aggressive care” are other proposed method of reducing end of life care, but these methods are controversial and unexplored (Emanuel, 1994).

Since the 1960’s little progress has been made in reducing the cost of end of life care. This is possibly because little can be done. Before someone is declared to be at the end of their life, a
number of expensive medical procedures are carried out regardless of their wishes, before end of life is considered and confirmed to be the situation. These costs cannot be avoided. In addition, end of life care no matter the method utilized requires labor intensive and professional work. This work will always be expensive regardless of the technology and location. Furthermore death is unpredictable; making it difficult to predict what constitutes “wasted resources” at the end of life. Therefore it is unsurprising that end of life care is a disproportionately large fraction of Medicare costs. In looking for solutions to the rising Medicare costs of health care, it would be unwise to cut Medicare funding. The solution to cost problem will likely have to come from a different age bracket of the population even though the elderly incur the heaviest costs.

For more information see:

Article Title: The Economics of Dying -- The Illusion of Cost Savings at the End of Life
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National Cancer Institute, “Advanced Directives”