



John T. Greilick / The Detroit News

Nurse Kristin Whyte of St. John's Home Care visits Richard Albright, 78, at his Royal Oak home a couple of times a week. "They make what time I do have left comfortable," he says.

Hospice becomes big business

For-profit firms jump into market, giving patients more options and forcing nonprofits to fight back.

Sharon Terlep / The Detroit News

On the Web

Hospice and palliative care Web sites:

- www.hospicefoundation.org
- www.hospiceinformation.info
- www.medicarerights.org/maincontentitmhleaflet.html

Corporate America has discovered there's money to be made in hospice care, transforming a once-quiet but growing industry that has been dominated for decades by grass-roots nonprofit and volunteer hospice groups.

Generous government payments for end-of-life health care and increased demand for such services are drawing more companies to the field. In Metro Detroit, the number of hospice and palliative care providers has doubled in the past five years.

The shift is giving patients more options while forcing nonprofits to take on a more business-like approach, proving that even the most intimate form of health care isn't immune to the competition that defines modern medicine.

"We're competing against larger and newer hospices that have a big marketing budget," said Eva Sylvester, St. John Health System hospice director. "That takes the focus away from where it should be -- on the patients."

Nonprofits are responding by mounting flashy ad campaigns and offering new products. One hospice provider, for example, has begun offering a service that allows dying patients to make a voice recording for their loved ones.

Newcomers rebuff criticism that competition for business diverts money that could be used for patient care.

"It's always thought that for-profit companies are in it for the money," said Peggie Lowler of Heartland Hospice in Southfield. The hospice is part of Toledo-based Manor Care, Inc. "It is our responsibility to use the funds that we are given to care for the patients in the best way possible."

More than 1 million terminally ill Americans sought end-of-life care in 2004, a 50-percent increase from 2000. For-profit companies got one-third of that business, nearly twice as much as in 2001. The hospice industry brings in more than \$4.5 billion a year nationally.

In southeast Michigan, more than 50 companies provide hospice and palliative care, double the market in 2000. The state's largest hospice provider, Hospice of Michigan, has seen its patient numbers drop in the past decade as more companies have moved in.

To fight back, the Detroit-based nonprofit is drawing up a summer ad campaign to market its services and has hired five staffers to drum up business in 14 counties.

"It's getting harder from a balance sheet perspective," said Steve Larkin, chief marketing officer for Hospice of Michigan.

The industry is growing as the population ages. "They make what time I do have left comfortable," said Richard Albright, 78, who has lung and thyroid cancer. He has been receiving hospice care for a year. The in-home nursing and pain medication he's received through St. John have helped him avoid hospitalization and enjoy events such as his grandson's graduation party. "I did not want to end up in a hospital, but we did need help," he said.

More patients like Albright are seeking end-of-life care and using the services for longer.

At the same time, more patients are turning toward the emerging field of palliative care. Like hospice, palliative care programs work to relieve symptoms in the terminally ill but cater to a wider range of patients.

Where conventional hospice programs have focused on patients who have ended curative care, palliative care looks after patients who are seeking a cure as well as those who aren't.

Medicare spending on hospices reached \$8.6 billion in 2005, up from \$1.9 billion in 1995, according to the Centers for Medicare and Medicaid Services.

The combination of growing demand and steady funding makes the end-of-life industry an attractive one for investors.

The nation's largest hospice providers are run by publicly traded for-profit firms. The largest of those, VistaCare Inc., has seen its stock rise 12 percent this year.

Experts and care providers are debating the effect of competition on end-of-life care.

A 2004 Yale University study found for-profit hospice providers on average offer a smaller range of services than nonprofits. But the study measured the breadth of services and not the quality, said author Elizabeth Bradley.

She said more work needs to be done to understand the impact of commercialization on hospice and palliative care. "There are significant differences between for-profit and not-for-profit providers," she said. "It is still very hard to conclude that for-profits give worse care than nonprofits."

You can reach Sharon Terlep at (313) 223-4686 or sterlep@detnews.com.