

Home Health Trends for Successful Agencies: The World Tour

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Home Health Trends for Successful Agencies – The World Tour

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Agenda

- ▶ Overview of benchmarking
- ▶ Key home health benchmarks
- ▶ Key hospice benchmarks

Overview of Benchmarking

Benchmark (noun)

- ▶ A point of reference from which measurements may be made
- ▶ Something that serves as a standard by which others may be measured or judged

Merriam Webster's 11th Collegiate Dictionary

Benchmark (verb)

- ▶ To **study** (as a competitor's product or business practices) in order to improve the performance of one's own company

Merriam Webster's 11th Collegiate Dictionary

Benchmarking

- ▶ **Performance measurement tool** used in conjunction with improvement initiatives to measure comparative operating performance data & **identify best practices**

Health Care Benchmarking Association

What gets measured,
gets managed

To manage right,
measure right

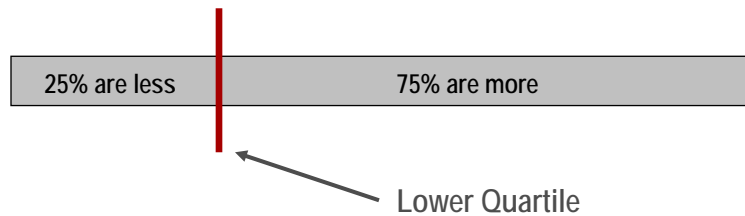
Interpreting Benchmarks

- ▶ Know data sources
- ▶ Internal vs. external
- ▶ How computed
- ▶ Population included
 - Survey vs. 100%
 - Type of provider
 - Geographic area
- ▶ Average vs median vs quartiles

Interpreting Benchmarks

▶ Lower quartile

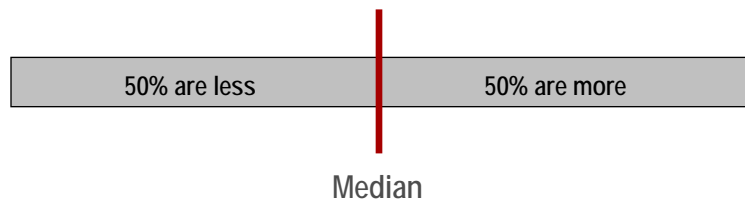
- 25% of all data are less
- 75% of all data are more
- Middle point of the lower half of data



Interpreting Benchmarks

▶ Median

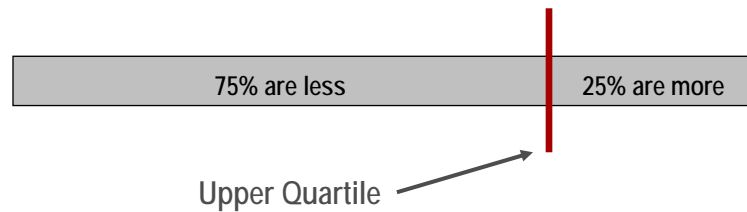
- 50% of all data are less
- 50% of all data are more
- Middle point of all data



Interpreting Benchmarks

▶ Lower quartile

- 75% of all data are less
- 25% of all data are more
- Middle point of the upper half of data



Interpreting Benchmarks

- ▶ Look for
 - Negative trends to correct
 - Positive trends to replicate
- ▶ Drill down on areas of concern
- ▶ Focus on areas with greatest improvement opportunities

Using Benchmarks

- ▶ Identify & implement best practices
 - Determine what's possible
 - Challenge traditional thinking
- ▶ Develop operating targets
 - Make targets aggressive
 - Make targets achievable, but not unrealistic
 - Involve staff to obtain buy-in
- ▶ Develop organization scorecard or dashboard

Key Home Health Benchmarks

BKD Home Health Benchmarks

- ▶ Cost reports with 2008 year ends
 - 8,515 total agencies
 - 6,971 (82%) freestanding, 1,544 (18%) provider-based
 - 6,547 (77%) urban, 1,968 (23%) rural
- ▶ “Elite” agency peer group
 - Included in the 2009 OCS Home Care Elite Top 500
 - 454 total agencies
 - 366 (81%) freestanding, 88 (19%) provider-based
 - 365 (80%) urban, 89 (20%) rural

Net Profit Margins

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Medicare (all)	26.2%	39.0%	22.2%	33.6%	11.9%	25.5%
Medicare (freestanding)	27.8%	42.2%	23.5%	35.1%	14.7%	27.3%
Medicare (provider-based)	22.4%	28.9%	17.8%	27.6%	-5.8%	9.9%
Overall (freestanding)	21.5%	29.3%	14.1%	23.5%	3.4%	12.3%

Medicare Payments

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Payment per episode	\$ 2,830	\$ 3,367	\$ 2,918	\$ 3,404	\$ 2,673	\$ 3,172
Case-mix weight	1.3332	1.5754	1.3449	1.5376	1.2619	1.4306
Payment ratio	1.2849	1.5248	1.3035	1.5247	1.2062	1.4065

Payment Adjustment Mix

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
LUPA's	2.8%	1.2%	3.7%	1.5%	4.7%	2.1%
PEP's	1.8%	0.8%	2.0%	1.0%	2.1%	1.0%
Outliers	0.1%	0.0%	0.2%	0.0%	0.8%	0.0%

Other Payment Indicators

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Medicare payer mix	90.2%	100.0%	87.7%	99.2%	82.4%	99.6%
Episodes per Medicare patient	1.6	2.4	1.5	2.0	1.5	2.2

Episode Costs

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Direct costs	\$ 1,034	\$ 877	\$ 1,150	\$ 910	\$ 1,200	\$ 933
Indirect agency costs	735	477	937	524	1,028	649
Overhead allocations (provider-based only)	468	338	468	328	634	426
Total costs	1,951	1,632	2,193	1,776	2,375	1,919

Visits per Episode

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Skilled nursing	8.4	7.1	8.5	7.0	8.6	7.1
Physical therapy	4.0	2.7	4.6	3.2	4.0	2.6
Occupational therapy	0.5	0.1	0.6	0.1	0.5	0.1
Speech therapy	0.1	0.0	0.1	0.0	0.1	0.0
Medical social services	0.0	0.0	0.1	0.0	0.1	0.0
Home health aide	1.6	0.6	1.9	0.9	2.5	1.1
Total visits	16.7	13.4	17.3	14.4	17.5	14.7

Cost per Visit - SN

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Direct cost	\$ 65.27	\$ 51.68	\$ 68.51	\$ 51.68	\$ 68.71	\$ 49.48
Indirect agency cost	45.08	30.93	50.10	31.97	55.18	35.90
Overhead allocation (provider-based only)	40.99	37.06	38.69	26.01	49.71	35.00
Total cost	126.18	94.71	132.00	102.68	136.64	102.56

Cost per Visit - PT

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Direct cost	\$ 71.62	\$ 62.50	\$ 74.07	\$ 63.33	\$ 76.02	\$ 63.41
Indirect agency cost	46.24	30.27	54.57	32.68	61.24	36.37
Overhead allocation (provider-based only)	32.60	27.53	30.20	17.05	36.26	23.62
Total cost	133.50	107.20	135.34	111.35	146.55	114.69

Cost per Visit - Aide

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Direct cost	\$ 25.77	\$ 19.75	\$ 27.84	\$ 20.56	\$ 27.87	\$ 20.30
Indirect agency cost	20.68	11.28	21.61	12.21	23.48	14.58
Overhead allocation (provider-based only)	16.67	12.52	13.64	7.94	18.51	12.05
Total cost	47.58	36.44	53.21	38.52	56.97	41.37

Productivity

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
A&G hours per visit	1.1	0.7	1.1	0.8	1.2	0.8
Total hours per visit	2.9	2.3	3.0	2.3	3.2	2.4
Hours per visit						
SN (nursing only)	2.1	1.4	2.1	1.4	2.2	1.4
Aide (aide only)	1.5	1.1	1.7	1.1	1.8	1.2

Other Cost Indicators

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Employee benefit %	14.8%	11.3%	15.0%	10.8%	15.3%	11.1%
Labor as a % of revenue	61.2%	50.7%	65.9%	56.4%	74.2%	63.1%
A&G as a % of revenue	28.6%	20.9%	37.7%	26.3%	41.8%	31.0%
Capital and plant as a % of revenue	2.5%	1.6%	2.7%	1.6%	3.3%	2.0%

Financial Indicators

	<u>Elite 100</u>		<u>Elite 500</u>		<u>All Others</u>	
	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>	<u>Median</u>	<u>Best 25%</u>
Days in AR	56.7	38.0	53.2	35.7	52.7	35.2
Current ratio	1.9	5.1	2.2	4.8	1.9	3.9
Quick ratio	1.7	4.2	1.8	4.1	1.7	3.2
Gross profit	60.0%	67.0%	56.0%	65.0%	51.0%	62.0%
Return on equity	78.9%	287.0%	52.9%	143.6%	17.7%	82.6%
Return on assets	58.7%	161.8%	38.2%	91.8%	9.2%	49.7%

Questions?

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Attachment 1

BKD Home Health Benchmarks

Medicare Home Health Operations Benchmark Report¹

Measure	2009 OCS Home Care Elite Top 100 Medicare Certified Agencies			2009 OCS Home Care Elite Top 500 Medicare Certified Agencies			All Other Medicare Certified Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Number of Agencies	Total agencies in peer group data: 97			Total agencies in peer group data: 454			Total agencies in peer group data: 8,061		
Service Delivery Dashboards									
Total home health visits	6,239	13,851	22,614	6,800	12,783	23,396	4,600	10,373	22,638
Total visits for other services ⁵	-	-	-	-	-	-	-	-	-
Total net patient revenue	\$ 1,339,380	\$ 2,703,545	\$ 3,979,512	\$ 1,165,552	\$ 2,278,873	\$ 4,037,872	\$ 754,658	\$ 1,669,310	\$ 3,637,039
Total Medicare episodes	252	518	981	261	544	967	162	381	840
Total Medicare home health revenue	\$ 784,115	\$ 1,586,365	\$ 2,740,683	\$ 734,004	\$ 1,595,723	\$ 2,701,491	\$ 391,718	\$ 974,033	\$ 2,162,837
Total home health unduplicated patients	192	410	760	206	384	866	120	295	715
Total unduplicated patients for other services ⁵	-	-	-	-	-	-	-	-	-
Payer mix, measured on total visits									
Medicare	70.2%	86.4%	98.4%	65.8%	85.4%	98.5%	58.5%	81.9%	98.8%
Other	1.6%	13.6%	29.8%	1.5%	14.6%	34.2%	1.2%	18.1%	41.5%
Payer mix, measured on unduplicated patients									
Medicare	75.5%	90.2%	100.0%	68.6%	87.7%	99.2%	59.5%	82.4%	99.6%
Other	0.0%	9.8%	24.5%	0.8%	12.3%	31.4%	0.4%	17.6%	40.6%
Visits per Medicare episode (all episodes)									
Skilled nursing	7.1	8.4	10.3	7.0	8.5	10.6	7.1	8.6	11.1
Physical therapy	2.7	4.0	6.4	3.2	4.6	6.3	2.6	4.0	5.7
Occupational therapy	0.1	0.5	1.3	0.1	0.6	1.3	0.1	0.5	1.1
Speech therapy	-	0.1	0.2	-	0.1	0.2	-	0.1	0.2
Medical social services	-	0.0	0.1	-	0.1	0.2	-	0.1	0.2
Home health aide	0.6	1.6	3.9	0.9	1.9	3.6	1.1	2.5	5.0
Total visits per episode	13.4	16.7	20.1	14.4	17.3	20.6	14.7	17.5	22.0
Visits per Medicare full episode (including outliers)									
Skilled nursing	7.5	8.7	10.3	7.5	8.8	10.9	7.6	9.1	11.8
Physical therapy	2.7	4.2	6.6	3.4	4.9	6.6	2.8	4.4	6.1
Occupational therapy	0.1	0.5	1.4	0.1	0.6	1.4	0.1	0.5	1.2
Speech therapy	-	0.1	0.2	-	0.1	0.2	-	0.1	0.2
Medical social services	-	0.0	0.1	-	0.1	0.2	-	0.1	0.2
Home health aide	0.6	1.7	4.0	0.9	1.9	3.8	1.2	2.7	5.5
Total visits per episode	14.5	16.9	20.2	15.3	18.1	21.7	15.9	18.7	23.3
Visits per Medicare LUPA episode	2.5	2.7	3.0	2.5	2.7	2.9	2.4	2.7	2.9



Medicare Home Health Operations Benchmark Report¹

Measure	2009 OCS Home Care Elite Top 100 Medicare Certified Agencies			2009 OCS Home Care Elite Top 500 Medicare Certified Agencies			All Other Medicare Certified Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Service Delivery Dashboards (Continued)									
Number of episodes per Medicare patient	1.2	1.6	2.4	1.2	1.5	2.0	1.2	1.5	2.2
Estimated number of hours per visit									
Direct nursing service (based on SN visits)	1.4	2.1	2.7	1.4	2.1	2.8	1.4	2.2	3.1
Home health aide service (based on HHA visits)	1.1	1.5	2.2	1.1	1.7	2.4	1.2	1.8	2.6
Administrative staff	0.7	1.1	1.6	0.8	1.1	1.6	0.8	1.2	1.9
Total staff	2.3	2.9	3.8	2.3	3.0	3.9	2.4	3.2	4.4
Estimated number of visits per day per FTE ⁶									
Direct nursing service	3.3	4.1	5.6	3.2	4.2	6.0	2.9	4.1	6.0
Physical therapy service	4.4	5.8	8.4	4.5	6.0	8.7	4.2	5.8	8.2
Occupational therapy service	3.5	4.6	8.2	3.7	5.1	7.8	3.7	5.3	7.8
Speech therapy service	3.8	4.7	6.9	3.8	5.2	7.4	3.2	5.1	7.4
Medical social services	1.3	3.0	4.7	1.6	3.4	6.0	1.4	2.9	6.0
Home health aide service	4.0	5.7	7.8	3.7	5.3	7.7	3.3	4.9	7.1
Operating Dashboards									
Cost Per Visit									
Skilled nursing									
Salaries ⁵	\$ 38.00	\$ 46.51	\$ 63.63	\$ 38.09	\$ 52.01	\$ 64.98	\$ 34.74	\$ 50.23	\$ 67.48
Employee benefits ⁵	2.43	6.56	9.55	3.16	6.59	10.50	2.64	6.43	11.03
Contract services ⁵	-	-	1.37	-	-	0.93	-	-	1.33
Total labor	49.85	63.14	79.34	50.07	64.95	84.04	47.58	65.00	90.39
Transportation	-	0.30	4.35	-	0.07	4.62	-	0.61	5.12
Other direct costs	-	-	-	-	-	-	-	-	-
Total direct care costs	51.68	65.27	83.88	51.68	68.51	87.15	49.48	68.71	95.57
Indirect agency costs	30.93	45.08	71.04	31.97	50.10	73.66	35.90	55.18	81.09
Total agency cost per visit	93.71	114.67	146.46	96.18	122.47	162.05	99.23	130.73	170.81
Provider-based overhead costs ³	37.06	40.99	50.59	26.01	38.69	50.28	35.00	49.71	70.75
Total cost per visit	\$ 94.71	\$ 126.18	\$ 156.43	\$ 102.68	\$ 132.00	\$ 168.48	\$ 102.56	\$ 136.64	\$ 183.76



Medicare Home Health Operations Benchmark Report¹

Measure	2009 OCS Home Care Elite Top 100 Medicare Certified Agencies			2009 OCS Home Care Elite Top 500 Medicare Certified Agencies			All Other Medicare Certified Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Operating Dashboards (Continued)									
Cost Per Visit (Continued)									
Physical therapy									
Salaries ⁵	\$ -	\$ 21.38	\$ 53.39	\$ -	\$ 18.70	\$ 55.45	\$ -	\$ 5.92	\$ 51.99
Employee benefits ⁵	-	2.52	7.05	-	1.08	7.56	-	-	7.11
Contract services ⁵	4.17	42.15	70.00	3.76	43.67	71.68	4.23	49.32	73.49
Total labor	61.25	69.71	79.61	61.32	72.13	82.52	61.69	74.15	88.36
Transportation	-	-	2.21	-	-	2.77	-	-	2.69
Other direct costs	-	-	-	-	-	-	-	-	-
Total direct care costs	62.50	71.62	82.26	63.33	74.07	84.94	63.41	76.02	90.73
Indirect agency costs	30.27	46.24	85.06	32.68	54.57	88.21	36.37	61.24	97.57
Total agency cost per visit	103.23	127.82	162.48	103.49	130.83	172.12	109.40	140.94	183.71
Provider-based overhead costs ³	27.53	32.60	37.21	17.05	30.20	40.19	23.62	36.26	52.17
Total cost per visit	\$ 107.20	\$ 133.50	\$ 167.83	\$ 111.35	\$ 135.34	\$ 176.21	\$ 114.69	\$ 146.55	\$ 190.07
Occupational therapy									
Salaries ⁵	\$ -	\$ 29.63	\$ 59.91	\$ -	\$ 8.55	\$ 58.90	\$ -	\$ -	\$ 52.81
Employee benefits ⁵	-	2.82	9.19	-	0.02	8.74	-	-	7.02
Contract services ⁵	-	11.03	65.82	-	23.84	66.17	-	43.32	70.02
Total labor	59.01	69.60	82.94	58.62	70.57	82.84	56.85	70.80	86.37
Transportation	-	-	4.37	-	-	3.28	-	-	2.52
Other direct costs	-	-	-	-	-	-	-	-	-
Total direct care costs	60.00	72.57	85.00	60.01	73.27	85.00	58.48	73.00	89.53
Indirect agency costs	35.24	54.39	92.93	35.38	58.99	93.25	37.12	62.16	99.85
Total agency cost per visit	100.32	125.60	170.01	104.00	132.54	173.40	105.61	139.33	183.05
Provider-based overhead costs ³	21.25	30.37	39.99	19.60	26.71	40.22	22.89	36.11	55.77
Total cost per visit	\$ 109.08	\$ 126.12	\$ 177.00	\$ 110.41	\$ 136.17	\$ 179.21	\$ 109.93	\$ 143.99	\$ 189.18



Medicare Home Health Operations Benchmark Report¹

Measure	2009 OCS Home Care Elite Top 100 Medicare Certified Agencies			2009 OCS Home Care Elite Top 500 Medicare Certified Agencies			All Other Medicare Certified Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Operating Dashboards (Continued)									
Cost Per Visit (Continued)									
Speech therapy									
Salaries ⁵	\$ -	\$ -	\$ 59.24	\$ -	\$ -	\$ 56.37	\$ -	\$ -	\$ 51.99
Employee benefits ⁵	-	-	8.78	-	-	8.70	-	-	6.54
Contract services ⁵	-	46.30	80.00	-	49.39	72.17	-	51.76	75.93
Total labor	61.62	72.52	94.64	56.58	71.11	88.67	58.82	74.35	93.33
Transportation	-	-	4.51	-	-	1.93	-	-	2.01
Other direct costs	-	-	-	-	-	-	-	-	-
Total direct care costs	61.62	78.73	96.65	59.03	75.00	92.45	60.66	76.17	97.88
Indirect agency costs	36.47	60.98	98.44	34.05	56.98	94.58	37.70	63.90	102.72
Total agency cost per visit	114.17	139.00	197.83	105.89	138.72	186.25	108.76	145.17	193.90
Provider-based overhead costs ³	25.09	29.03	34.34	21.85	26.92	42.10	24.08	38.41	56.50
Total cost per visit	\$ 116.08	\$ 145.59	\$ 199.84	\$ 108.20	\$ 144.61	\$ 195.40	\$ 114.37	\$ 150.86	\$ 200.29
Medical social services									
Salaries ⁵	\$ -	\$ 58.17	\$ 75.71	\$ -	\$ 49.41	\$ 76.62	\$ -	\$ 43.62	\$ 80.00
Employee benefits ⁵	-	9.00	13.56	-	4.00	11.76	-	3.32	12.11
Contract services ⁵	-	-	60.16	-	-	70.64	-	-	70.00
Total labor	64.85	80.11	112.18	63.00	80.00	114.74	63.59	82.01	125.12
Transportation	-	-	7.23	-	-	5.32	-	-	6.06
Other direct costs	-	-	-	-	-	-	-	-	-
Total direct care costs	68.64	84.05	116.31	66.39	83.06	118.32	65.67	85.58	131.85
Indirect agency costs	43.26	72.94	131.87	46.37	76.66	121.87	49.93	83.01	133.99
Total agency cost per visit	121.36	156.74	254.97	128.43	164.42	238.98	129.38	179.28	261.55
Provider-based overhead costs ³	30.92	36.34	59.02	23.50	37.39	81.98	38.59	64.01	100.78
Total cost per visit	\$ 121.38	\$ 172.85	\$ 260.25	\$ 129.91	\$ 168.00	\$ 241.90	\$ 132.86	\$ 184.40	\$ 274.69



Medicare Home Health Operations Benchmark Report¹

Measure	2009 OCS Home Care Elite Top 100 Medicare Certified Agencies			2009 OCS Home Care Elite Top 500 Medicare Certified Agencies			All Other Medicare Certified Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Operating Dashboards (Continued)									
Cost Per Visit (Continued)									
Home health aide									
Salaries ⁵	\$ 12.79	\$ 17.58	\$ 23.58	\$ 13.42	\$ 19.97	\$ 28.54	\$ 13.35	\$ 19.40	\$ 26.55
Employee benefits ⁵	0.04	2.28	3.12	1.41	2.53	4.50	0.96	2.49	4.39
Contract services ⁵	-	-	-	-	-	-	-	-	-
Total labor	17.69	22.80	31.89	18.58	25.58	36.12	18.28	25.07	35.42
Transportation	-	0.69	4.81	-	-	4.56	-	-	4.71
Other direct costs	-	-	-	-	-	-	-	-	-
Total direct care costs	19.75	25.77	35.05	20.56	27.84	38.57	20.30	27.87	39.45
Indirect agency costs	11.28	20.68	31.40	12.21	21.61	37.47	14.58	23.48	37.42
Total agency cost per visit	35.59	47.58	62.04	36.53	51.59	76.72	40.04	54.37	75.29
Provider-based overhead costs ³	12.52	16.67	35.59	7.94	13.64	22.98	12.05	18.51	28.22
Total cost per visit	\$ 36.44	\$ 47.58	\$ 70.79	\$ 38.52	\$ 53.21	\$ 79.64	\$ 41.37	\$ 56.97	\$ 78.78
Overall agency cost per visit (all disciplines)	\$ 91.11	\$ 111.94	\$ 152.43	\$ 96.71	\$ 122.57	\$ 153.70	\$ 96.50	\$ 127.06	\$ 163.64
Medical Supplies									
Non-routine medical supplies	\$ 0.84	\$ 1.92	\$ 2.87	\$ 0.73	\$ 1.75	\$ 3.04	\$ 0.81	\$ 2.04	\$ 3.98
Medicare Episode Payments									
Estimated average case-mix weight ²	1.1918	1.3332	1.5754	1.2091	1.3449	1.5376	1.1235	1.2619	1.4306
Average payment ratio ²	1.1311	1.2849	1.5248	1.1565	1.3035	1.5247	1.0585	1.2062	1.4065
Medicare episode mix by payment type									
Unadjusted episodes	86.7%	92.8%	97.3%	86.1%	91.3%	95.1%	82.7%	88.8%	93.1%
LUPA episodes	1.2%	2.8%	5.6%	1.5%	3.7%	6.7%	2.1%	4.7%	8.5%
PEP episodes	0.8%	1.8%	3.2%	1.0%	2.0%	3.1%	1.0%	2.1%	3.5%
Outlier episodes	0.0%	0.1%	0.8%	0.0%	0.2%	1.9%	0.0%	0.8%	3.8%
Average payment per episode by payment type									
Unadjusted episodes	\$ 2,588.83	\$ 2,980.40	\$ 3,541.31	\$ 2,653.77	\$ 3,015.17	\$ 3,423.06	\$ 2,403.09	\$ 2,792.38	\$ 3,226.23
LUPA episodes	244.05	268.92	319.56	241.50	271.13	311.66	235.30	267.13	303.92
PEP episodes	730.00	1,030.68	1,554.04	776.00	1,050.00	1,366.50	727.04	998.07	1,337.67
Outlier episodes	1,916.25	3,005.87	4,091.49	2,750.94	3,470.45	5,734.19	2,786.78	3,600.70	5,395.00



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	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Operating Dashboards (Continued)									
Medicare Episode Profitability									
Average payment per episode	\$ 2,463	\$ 2,830	\$ 3,367	\$ 2,505	\$ 2,918	\$ 3,404	\$ 2,268	\$ 2,673	\$ 3,172
Direct costs per episode									
Salaries ⁵	-	556	755	124	604	908	268	648	923
Employee benefits ⁵	-	58	122	-	76	136	-	79	148
Contract services ⁵	-	101	294	-	111	347	-	122	346
Total labor	808	976	1,220	868	1,093	1,401	874	1,126	1,441
Transportation	-	24	67	-	14	68	-	14	74
Other direct costs	-	-	-	-	-	-	-	-	-
Nonroutine supplies	-	6	18	-	4	18	-	5	25
Total direct care costs per episode	877	1,034	1,271	910	1,150	1,479	933	1,200	1,524
Direct profit (loss) per episode	1,408	1,824	2,169	1,350	1,769	2,174	1,060	1,500	1,965
Direct profit (loss) margin per episode	52.7%	62.0%	68.2%	51.1%	59.7%	67.2%	44.5%	56.1%	64.9%
Indirect agency costs per episode	477	735	1,189	524	937	1,366	649	1,028	1,535
Total agency cost per episode	1,526	1,764	2,325	1,626	2,122	2,722	1,815	2,258	2,854
Profit (loss) per episode based on total agency costs	580	913	1,266	418	760	1,111	40	415	786
Profit (loss) margin per episode based on total agency costs	20.2%	34.7%	43.1%	15.6%	26.4%	38.4%	1.3%	15.4%	28.3%
Provider-based overhead costs per episode ³	338	468	524	328	468	600	426	634	863
Total costs per episode	1,632	1,951	2,364	1,776	2,193	2,779	1,919	2,375	3,007
Overall profit (loss) per episode	466	714	1,264	338	626	1,051	(97)	318	720
Profit (loss) margin per episode	17.5%	26.2%	39.0%	11.0%	22.2%	33.6%	-3.3%	11.9%	25.5%



Medicare Home Health Operations Benchmark Report¹

Measure	2009 OCS Home Care Elite Top 100 Medicare Certified Agencies			2009 OCS Home Care Elite Top 500 Medicare Certified Agencies			All Other Medicare Certified Agencies		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Operating Dashboards (Continued)									
Gross profit (loss) margin ⁴	49.0%	60.0%	67.0%	47.0%	56.0%	65.0%	37.0%	51.0%	62.0%
Agency profit (loss) margin ⁴	13.6%	21.5%	29.3%	7.2%	14.1%	23.5%	-3.5%	3.4%	12.3%
Salaries as a % of total costs ⁷	46.5%	59.7%	64.6%	50.3%	60.3%	66.1%	47.1%	57.0%	65.1%
Salaries as a % of total revenue ⁴	33.7%	41.6%	52.7%	39.0%	47.7%	56.9%	42.9%	54.0%	64.8%
Employee benefits as a % of total salaries ⁷	11.3%	14.8%	20.2%	10.8%	15.0%	19.4%	11.1%	15.3%	20.4%
Total salaries & employee benefits as a % of total costs ⁷	54.9%	68.0%	75.0%	57.4%	67.9%	76.8%	54.6%	66.6%	75.2%
Total salaries & employee benefits as a % of total revenue ⁴	39.3%	49.8%	59.8%	45.4%	54.9%	65.6%	49.5%	62.4%	74.5%
Purchased services as a % of total costs ⁷	2.1%	7.9%	17.1%	2.6%	8.6%	19.1%	2.5%	8.3%	17.6%
Purchased services as a % of total revenue ⁴	1.7%	6.3%	12.2%	2.1%	7.2%	15.5%	2.6%	8.2%	17.3%
Total labor as a % of total costs	74.7%	80.9%	85.9%	73.9%	80.8%	86.6%	72.0%	79.7%	86.1%
Total labor as a % of total revenue ⁴	50.7%	61.2%	69.4%	56.4%	65.9%	73.6%	63.1%	74.2%	84.0%
Transportation as a % of total costs	1.9%	3.3%	4.9%	1.8%	3.3%	4.9%	1.7%	3.2%	4.9%
Transportation as a % of total revenue ⁴	1.2%	1.8%	3.1%	1.3%	2.3%	3.5%	1.3%	2.7%	4.3%
Other costs as a % of total costs	9.8%	15.2%	22.1%	11.0%	16.8%	23.4%	11.6%	17.7%	25.7%
Other costs as a % of total revenue ⁴	8.5%	12.9%	19.0%	10.5%	14.8%	21.2%	12.9%	18.6%	26.6%
Administrative & general costs as a % of total cost	28.7%	35.9%	50.4%	29.1%	39.9%	52.1%	29.3%	41.0%	52.5%
Administrative & general costs as a % of total revenue ⁴	20.9%	28.6%	43.2%	26.3%	37.7%	48.2%	31.0%	41.8%	53.0%
Capital & plant costs as a % of total cost ⁴	2.2%	3.3%	4.5%	2.0%	3.3%	5.0%	2.2%	3.5%	5.2%
Capital & plant costs as a % of total revenue ⁴	1.6%	2.5%	3.6%	1.6%	2.7%	4.2%	2.0%	3.3%	5.1%
Days in accounts receivable ⁴	38.0	56.7	73.9	35.7	53.2	78.1	35.2	52.7	77.1
Current ratio ⁴	1.1	1.9	5.1	1.1	2.2	4.8	1.0	1.9	3.9
Quick ratio ⁴	0.9	1.7	4.2	0.9	1.8	4.1	0.9	1.7	3.2
Return on equity ⁴	26.2%	78.9%	287.0%	9.1%	52.9%	143.6%	-4.5%	17.7%	82.6%
Return on assets ⁴	23.5%	58.7%	161.8%	11.6%	38.2%	91.8%	-9.9%	9.2%	49.7%

¹Data compiled using all Medicare cost reports available from CMS with fiscal years ending in 2008.

²Estimated based on payment rates effective for the location of the agency rather than service area.

³Dashboard indicator only applies to provider-based agencies, including hospital-based and nursing facility-based agencies, and accounts for costs allocated to the agency from the provider.

⁴Dashboard indicator not available for provider-based agencies.

⁵Dashboard indicator only includes freestanding and nursing facility-based agencies as hospital-based agency data is not available from CMS data sets.

⁶Estimated based on 230 work days per year.

⁷Not available for hospital agencies.

