# E-Alliance Extra

***Missouri Alliance for* Home Care**



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## Reinventing Home Health – Reprinted with Permission from the author, John Marchica and Health Affairs Blog.

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**Accountable care is finally coming to home health.**

The Centers for Medicare and Medicaid Services (CMS) is launching a value-based reimbursement [1] (VBR) pilot program for Medicare home health care agencies. The model is part of the 2016 Home Health Prospective Payment System proposed rule, which was published in the Federal Register on July 10.

In the current reality of home health care, if you are a home health provider and not part of a hospital or health system, your world looks something like this:

- A hospital discharge planner (your customer) chooses which agency will care for the homebound patient (also your customer).
- CMS (another customer) dictates how much you get paid and has recently decided to pay you less every year.
- You itemize every last thing you do and spend hours learning coding techniques to maximize how much you get reimbursed.
- And by the way, you have a hard time finding people to work for you at a wage where you can be profitable.

Home health care sounds like a miserable business to be in. And if there ever was a golden age for home care, it certainly *became* a more challenging endeavor after CMS set its sights on value-based payments. Everything about the home health business is fee-for-service, which is bad news if CMS is writing the checks.

Through accountable care organizations (ACOs) and other Innovation Center initiatives, CMS's goal is to transition from fee-for-service to performance-based

compensation, and eventually, to full capitation like Medicare Advantage. Administrators and policymakers see the aging baby boomer population and want certainty about their ballooning budgets.

Yet CMS didn't go out of its way to include home health in its immediate plans for health reform (other than to slash reimbursement rates). Why? I believe that by cutting rates and moving to value-based reimbursement, CMS is signaling to the market that the agency wants the "mom and pop" providers out of the business [2].

I also believe that CMS is telling the industry: *innovate or die*. Figure out a way to change how you do business that fulfills the Triple Aim [3].

## How Value-Based Reimbursement Works

For the recently announced VBR initiative, CMS will increase or decrease the amount reimbursed for services depending on quality performance. Payment adjustments will start at 5 percent and increase to 8 percent in later years. According to the proposed rule, the goals of the incentive program are to improve the patient experience and quality of care and to weed out poorly performing home health agencies.

Medicare-certified home health agencies are already required by CMS to have an outside firm survey the patients they care for through the Home Health Care Consumer Assessment (HHCCA) and to submit other quality data through the Outcome and Assessment Information Set (OASIS). In the proposed rule, CMS suggests 25 quality measures for performance assessment, all of which are currently reported to CMS. The agency has also suggested four new metrics, which include reporting adverse drug events, whether the patient has been vaccinated for shingles (herpes zoster), whether the patient has an advanced care plan or has named a surrogate decision maker, and whether home health care workers have had a flu vaccine.

Nine states were randomly selected to be part of the pilot program; the proposed states are Arizona, Florida, Iowa, Maryland, Massachusetts, Nebraska, North Carolina, Tennessee, and Washington. CMS is receiving comments on the proposed rule until September 4, 2015.

## The Future Of Home Health: Bleak Or Bright?

Industry insiders knew that VBR payment reform was coming, as the Affordable Care Act directs CMS to develop a plan to implement value-based purchasing. I've also been encouraging home health agencies for some time to partner with ACOs and become part of the value stream. Yet beyond dabbling in a handful of bundled payment experiments [4], few home health care

companies have made an effort [5] to be part of the discussion about value-based care. Not a single one has taken the lead.

One reason for their reticence is an issue of comfort: like most other established businesses, they resist change. Another, perhaps less emotional reason, is the way that CMS issued its final rule on ACOs. Home health providers can be part of a Medicare ACO at its inception as long as a physician group or hospital is the primary owner. Beyond that, any other arrangement by another Medicare provider or supplier must be approved at the discretion of the Secretary [6].

Further, since agreements and contracts must be executed before an ACO submits its application [7], it isn't clear whether that new agreement would be allowed at the beginning of a new performance period.

What the VBR initiative means for home health agencies is clear and is part of CMS' stated objectives: weaker providers without the technology and other means to keep costs in line and quality under control will go out of business. There are more than 12,000 Medicare-certified home health agencies today. Perhaps less than half will survive in the form we know it by 2018, with the fastest decline in pilot states.

## Innovations In Home Care

Some providers are looking beyond traditional service models and expanding their services to enhance the patient experience, improve the quality of care, and lower costs.

- Hospice of Michigan last year expanded its At Home Support program to partner [8] with Ohio-based Western Reserve, after a pilot showed a 34 percent cost reduction—about $3,400/month—by reducing hospitalization, re-hospitalizations, and emergency room (ER) utilization.
- Moorestown, New Jersey-based BAYADA [9] Home Health Care has launched a physician house call service that it expects will enhance the continuum of care offerings the company already provides. The company made news with a substantial technology investment in April 2013, when it equipped 4,000 caregivers with Samsung Galaxy tablets. BAYADA says it improved patient care, allowed for faster reimbursement, and reduced after-hours paperwork.
- CMS recently announced results [10] from the first performance year of its Independence at Home project [11], calling the demonstration "positive and promising." Evaluators found that participants saved over $25 million — on average, about $3,070 per beneficiary. CMS said all 17 participating practices improved quality in at least three of six quality measures and four practices improved quality on all six. One of the

program participants, the Visiting Physicians Association [12], netted $7.8 million in practice incentive payments out of the $11.7 million bonus that CMS paid out.

## Reinventing Home Health Care

As an industry, I used to think that home health care needed to rebrand itself. It could sure use a fresh coat of paint, I would say. It needed a new marketing strategy, one that went beyond having armies of fresh college grads make sales calls to doctors and discharge planners.

I was wrong. Home health care doesn't need rebranding. A fresh logo and an awareness campaign won't solve the problem that all home care companies face: how care will be delivered and paid for in the future is completely at odds with how they do business today. Home health isn't the only health care sector with this problem right now, but it may have the most to lose. The industry needs a turnaround, a reinvention of what its role is to be in a post-ACA environment.

In my view, the successful home health enterprise of the future will resemble companies like the Visiting Physicians Association, but will offer much more. They will employ primary care physicians and nurse practitioners that make house calls, as well as licensed in-home caregivers, from skilled nursing to Private Duty care. They will offer full-service coordination of post-acute care and will manage challenging populations with chronic, co-morbid conditions. They will integrate telemedicine by caring for patients in novel ways. They will deploy preventive technologies that keep patients safe and out of the hospital. They may even provide ancillary services like in-home diagnostic testing, prescription management, and clinical lab services.

A thriving home health provider will align with ACOs, hospitals, and health systems for bundled services and risk-based contracts based on patient type. And they will be fully accountable for the quality of care delivered and will put their payment at risk if quality suffers.

There is no "best way" to solve the difficult business problems that home health is facing. The mid-tier and large home health companies are all very different in the services they offer, strengths and weaknesses, leadership, vision, and culture.

But the one common problem—how to operate in a VBR environment—is something all home health care agencies should address right away. Industry executives must develop a sense of urgency to find the opportunities that drive their enterprises forward, and not remain stuck in the past.