

A look at what's to come: Insight from eight experts in home care and hospice

In the dynamic world of home care and hospice, industry trends have a way of innately impacting, affecting and shaping services. There's been a lot of uncertainty this past year, as the industry faced many challenges and regulatory changes. Looking ahead, more challenges and trends will come, which can affect your business and patient outcomes.

As your partner, our goal is to stay ahead of these potential impacts and help you prepare for the future, whatever it may bring. We asked industry experts what they believe will be the biggest trends and changes in the next one, three and five years. Common themes included politics and government-based healthcare programs, workforce shortages and technology.

In this paper, learn how your organization can stay ahead of the ebb and flow of the industry today, tomorrow and beyond.

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Bill Dombi
President

National Association for
Home Care and Hospice

Top 3 factors to impact home care and hospice

In the ever-changing world of home care and hospice, it is natural to expect that a variety of factors can have significant impact on the future of services. However, the most important factor that exists today, and with increasing impact in the next three to five years, is the sufficiency of the workforce. The demand for home care and hospice continues to rise, concurrent with the aging of the U.S. population and the shift away from institutional care.

In normal circumstances, that increased demand would be problematic from a workforce standpoint. However, it is even more concerning because of the aging of the skilled nursing workforce and the ready availability of alternative employment for the personal care service attendants and home care aides that are in high demand by an aging population with multiple chronic illnesses.

A second impacting factor is a continued shift to managed care by Medicare and Medicaid. This may be viewed as a form of ‘privatization’ of the programs. For providers of home care, this translates generally to lower reimbursement rates, higher administrative costs, industry consolidation and limited service authorization. It is expected that the Medicare Advantage impact will begin to show in 2024, as the first wave of baby boomers hits age 75, an age where home care needs often begin to surface.

The third impacting factor is politics. Reliance on government-based health care programs always will bring a high degree of unpredictability. However, the 2020 national elections are expected to be particularly dynamic for both the Congress and the White House. The election outcome itself is not predictable at this time. However, it is predictable that health policy directions will be unstable for several years of political rhetoric and conflicting partisan goals.



William J. Simone III
Managing Principal
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Advocacy, Medicare Advantage and staffing shortages

As demand for home-based care increases and helps facilitate reductions in overall healthcare costs, home care and hospice are poised to play a larger role in the healthcare continuum. Innovative delivery models and technology are facilitating new best practices in both home care and hospice that are not recognized or reimbursed in the current regulatory environment.

Some regulations are actually preventing home-based care from moving ahead with beneficial pre-acute services, telemonitoring and innovative practices to improve outcomes and quality of life for patients. Advocacy groups, associations, providers and other thought leaders continue to bring these issues to the forefront at the state and national level to gain support from Medicare/Medicaid and other government-sponsored health programs. This advocacy effort must be sustained in a big way over the next several years to ensure that the regulatory environment catches up with the service delivery needs and merits of healthcare at home.

Another key development requiring attention is the popularity of Medicare Advantage plans, where enrollment has doubled since 2008, representing 34% of all Medicare beneficiaries. As this trend continues, the industry needs to further

explore and embrace creative delivery models to share risk and drive change in home health and hospice. Under a new demonstration project, Medicare Advantage plans will have the option of offering the Medicare hospice benefit in a value-based insurance model, bringing additional services into play that will include palliative care and telehealth to facilitate better coordination among providers. Additionally, data analytics will be essential to help home care and hospice providers develop a value proposition that supports growth in service delivery and reimbursement to ensure success under risk-based models and the adoption of new 'best practices' to meet patient needs.

Overriding the quality and financial issues, all providers will continue to face challenges to attract, develop and retain highly qualified talent in home-based care. Market predictions from many sources point to significant staffing challenges ahead, accelerating the need for more dynamic leadership to engage employees with training programs, workforce incentives and team development opportunities to maximize retention.

With unprecedented growth expected for occupations such as home health aides and registered nurses, our industry will require mindful leadership-driven agendas to stay competitive as employers of choice to keep the industry strong and thriving as demand for home-based care soars in our aging society and medical funding parameters remain unchanged. Our industry is well organized and united to forge ahead with the necessary actions to make a difference.



Billie Whitehurst
*General Manager
of Homecare*
Netsmart

Homecare: Attracting talent, palliative care and PDGM

Change is the constant in healthcare, and that's certainly true in the post-acute market as the 65+ population grows, and the home and community are quickly becoming the best environment for care for all the right reasons: consumer preference, quality and cost.

Today, we are seeing a growing population demanding care inside the home and an increasing challenge is finding quality staff to meet this need. We are seeing a lot of innovative and new ideas to recruit and retain that talent: mentorship programs, new compensation models, new technology to create efficiencies and ease of use, new care models and new sources of talent, like college students and older individuals who want and have the need to work.

Another trend we expect to stay in the spotlight is around the delivery of palliative care services. One of the reasons we developed the first ONC-certified palliative care software was to meet the growing need for our clients to diversify. We know the relationship and trust within the community-based palliative care team creates a natural liaison when it's time to discuss care goals that are leading toward end of life.

We are also continually watching CMS's proposed hospice carve-in under Medicare Advantage. We recommend, if you're not already, making your voice known on the hill. Needless to say, this is a big year for regulatory changes in both hospice and home health. Make sure your organization stays ahead of the curve by staying up to date on all upcoming regulations and changes.

The most pressing home health regulatory item on that list is, of course, PDGM. The reality is PDGM is not just about one thing; it's changing almost everything about the way home care works. Getting to Value-Based Care (VBC) is truly a journey, so look at this as one step along the way in your five-year and beyond plan to drive focus on patient-centric outcomes and care.

It's important to not only be aware of upcoming potential trends like the ones discussed above, but to continually use valuable data and insights to understand your agency's best course of action. It can be difficult to prepare for just the year in front of you, let alone five years in the future. Lean on your partners and industry experts to begin to map out your strategy three to five plus years down the road. Don't be afraid to ask for guidance and leverage opportunities to strengthen your staff, stay ahead of the curve and prepare for on-going change.



Phil Bongiorno
Executive Director
Home Care Association
of America

The value of in-home technology and innovations

From the recent Consumer Electronics Show, a place where companies have the opportunity roll out their newest technologies for consumers, the latest innovations in technology have created amazing new possibilities for how we execute simple tasks throughout our daily lives. While these devices can make day-to-day life more convenient for everyone, they can be particularly useful within the senior care community.

In-home technologies, like voice activated products including Apple's Siri and Amazon's Alexa, are already being utilized within the home care industry. These products are not only seen as a way to assist seniors themselves but are also being considered as a potential tool for caregivers to utilize in fulfilling their duties.

Some home care providers have conducted experiments, exploring the ways these technologies could be of assistance in fulfilling the everyday responsibilities of a caregiver. From medication reminders, to the ability to place calls or control functions within the house with a mere voice command, these devices have the potential to help caregivers provide an even higher quality of care to their clients.

Technology has not only produced new ways to protect seniors, but it has also allowed us to improve upon already existing practices. Fall detection is one effort that has benefitted from recent technological advances. In the past, wearable fall detection devices would be equipped with a button that must be pushed in order to alert someone of a fall.

Today's wearable devices can automatically detect a falling incident. In addition, when a fall has been detected, many devices offer the option to send immediately text messages and/or emails to that person's designated emergency contacts.

Other features include the option to send the fallen individual's GPS location to their emergency contacts. According to the Fall Prevention Center of Excellence, falls are the leading cause of injury deaths, unintentional injuries and hospital admissions for trauma. New technology in fall detection may not only assist seniors by ensuring they receive assistance as soon as possible after a fall, but it may also reduce their time in the hospital and/or the cost of medical services.

As we face a shortfall in projected needed caregivers, the home care industry is looking very closely at the added value benefit that these technologies provide in the delivery of home care services. One important concept to keep in mind is that regardless of how advanced these assistive devices may become, technology cannot easily replace the attention and companionship of a caregiver. Alexa may successfully remind one to take medication, but in cases where a senior is unable to do so on their own, a caregiver is still needed to make sure that medication is administered properly.

Nonetheless, technology is making it easier for seniors to feel safer and more comfortable as they age at home, in addition to providing greater peace of mind to their loved ones.



Mark Kulik
Managing Director
The Braff Group

Home care and hospice M&A - New strategies, new buyers and changing fortunes

If you look carefully at patterns of consolidation (from strategy to timelines to valuation), historical trends in reimbursement (and how the market is likely to react), issues regarding supply and demand, and more, you can begin to hone in on the directions the mergers and acquisitions (M&A) market in a given segment is likely headed.

Here, then, is what we anticipate in home health and hospice M&A, and equally important, why.

The value of Medicare-certified home health agencies is just begging for a correction.

First, it was the phased-in cuts over four years and the go-forward clarity of payment it provided (even if negative) that propped up the mergers and acquisitions climate for home health agencies.

Then it was the development, implementation and success of alternative payment models that reward 'the right care, at the right time, in the right place,' which placed certified home health agencies squarely in the sights of new buyers seeking to build a continuum of care.

Together, these factors boosted demand for home health agencies, creating 'market momentum' that has pushed valuations near the peak levels achieved around 2005-2008.

But now, enter PDGM payment reform as CMS looks to up the LUPA thresholds, upend the standard 60-day episode, and undo the therapy thresholds.

While providers may be able to overlay the new payment model on their past business to predict its impact (and potential response), they cannot predict the behavioral changes referral sources and other providers will undergo. That, in turn, could reshape the market.

But to be sure, buyers will assume the worst.

Sellers will assume the best.

And as a result of this uncertainty, valuations are a near lock to experience a slide.

Perhaps more importantly, much like we saw during the transition from cost-based to prospective pay reimbursement, the certified home health M&A market could very well be on ice for a year or more beginning July 1, 2019 during the run-up to these changes.

Home health's loss will be hospice's gain.

Given similar clinical underpinnings of home health and hospice as well as a far more stable payment methodology (at least for now), buyers will likely pivot towards the comparative safety and predictability of hospice. At least until a year or two from now when both buyers and sellers alike can begin worrying about the implications of the Medicare Advantage hospice carve-out being carved back in.

The time is nigh for private duty M&A.

As personal care is increasingly being seen as a cost-effective way to monitor and manage patients, ensure medication compliance, head off unnecessary emergency room visits, and prevent hospitalizations and subsequent re-hospitalizations, the conditions are ripe for integrating personal care with other post-acute providers.

That's why private duty activity has surged over the recent past – and will likely continue to do so over the near term.

Medicaid M&A yearns to break free.

Due in no small part to Medicaid expansion under the Affordable Care Act, interest in and demand for providers targeting Medicaid beneficiaries has generally risen.

That said, the sector hasn't truly busted out, as the market dynamics might suggest. Perhaps it's due to the typically thinner margins or the variability in eligibility and rates from state-to-state. Or maybe it's simply institutional bias against the sector because of what it isn't (that being Medicare).

Regardless, as states seek to divert more patients from skilled nursing facilities to home care, as they begin to realize that dollars spent on regular personal care may dwarf the costs of preventable (or delay-able) hospitalizations, and as more private equity groups realize successful investments and exits, Medicaid M&A may yet break out.



Lisa Remington
*Health Strategy Group
President and Publisher
The Remington Report*

The key to home care and hospice success in the future? Make your strategic plan a priority

Developing one to five-year strategic plans for home health organizations can be accomplished by assessing clear trends that are driving a more predictable future in healthcare and developing a plan to keep ahead of evolving trends that impact the future.

How can your organization strategically plan based on predictability? How can your organization respond effectively with flexible and agility to move quickly based on evolving trends? Important to strategic plans is an internal and external focus.

The roadmap transforming the healthcare delivery system takes shape with three key trends affecting home health's future.

1. Payment reform transitions to support value-based care models.

The healthcare infrastructure and payment reform are accelerating value-based models from fee-for-service. Provider and payor readiness for value-based care is across the industry.

Strategic Plan: How is your organization responding/preparing to the changing landscape of value-based care? How will your organization effectively respond to greater risk-sharing models?

2. Payors and Medicare Advantage plans. Over the next few years, expect to hear more announcements about expanded supplemental benefits under Medicare Advantage Plans. CMS's CMMI is testing hospice benefits, telehealth, and wellness and health care planning. This is driven by The Bipartisan Budget Act of 2018.

Strategic Plan: How is your organization expanding value and new models of care to contract with payors? How is your organization increasing value for the health plans and its members? Do you know your cost per patient?

3. Technology. The "ecosystem" of value-based care is firming-up into four key areas. Behavioral health, social determinants, population health and managing the chronic care population. Technology investments in clinical support systems, predictive analysis, artificial intelligence, EHRs, data analytics, remote patient monitoring, digital technology and software solutions are important to home care's future sustainability.

Strategic plan: Has your organization identified key technology investments? What leading-edge technologies for population health, chronic care management, care coordination, data management and analytics will competitively drive your organization internally and externally?

Strategic Planning: What nine challenges are ahead for home health providers?

1. Workforce
2. Scalability
3. Shared-risk contracting
4. Market share and positioning
5. Performance improvement
6. A culture of accountability
7. Consolidation/mergers and acquisitions
8. PDGM
9. Value-based purchasing

The evolving market signal for all providers is the movement from 'siloes' care management to integration across the continuum. This requires a relationship based on risk-sharing, clinical integration, technology, and an increase in preferred provider relationships. The healthcare industry's common goals are for providers to partner on managing quality, cost and outcomes.



Edo Banach
President and CEO
National Hospice and
Palliative Care Organization

Validation, challenges and opportunities on the horizon for hospice

Most immediately, we will focus on ensuring that MedPAC's recommendation for a 2% cut to hospice reimbursement is not acted upon by Congress. There are smarter, more effective ways to root out fraud and abuse that will not hinder access to needed services like an across-the-board cut would do.

In the medium term, we will continue engaging with CMS on the proposed carve-in of hospice into Medicare Advantage which was recently announced as a part of the Value-Based Insurance Design Demonstration. We demand that consumers, patients and families must be assured of their access to the highest quality hospice care available under any new demo or model. And as the legislative activity of the 116th Congress gets underway, we will push for a statutory standard definition of community-based palliative care that would ensure reimbursement and allow hospice programs to provide care that meets a minimum set of quality and access standards.



Brent Korte
Executive Director
EvergreenHealth
Home Care Services

The forces behind change: More than just regulation and policy

Home Health is undergoing its greatest transition in roughly the past 20 years and perhaps since the inception of home-based care. The forces causing this transition are much more complex than simply attributing it to payment model transformation (PDGM), shift to risk-based care models (HHVBP), increased regulations (COPs) or the increased scrutiny around billing compliance (RCD).

Underlying each of these material changes to our industry are a few factors, which ultimately were catalysts to the changes above. These factors are:

- **Data:** The U.S. is thirsty for data. As data seems to be more readily available, it's changed the way CMS perceives the value of our care and has given providers a completely new and truthful view of the care they provide. Traditionally, the technology industry is halfway around the work while the healthcare industry is still tying its shoes. Healthcare seek data and use it to innovate, not react.

Example: in the past, EH would learn about a quality metric which we were struggling months after the actual care took place. In reaction, we would address the measure through education, redirect focus and fix this measure.

Instead of celebrating success after improving this metric, we would realize that other measures suffered as a result of refocusing. The cycle repeated itself. Now, we have more data which is available much sooner. We provide the feedback in real time to our clinical staff who can maneuver in real time. This improves our quality while building a more informed clinical body.

- **Value:** The U.S. thinks healthcare stinks. They feel they are getting ripped off and that the system is broken. I feel this is a bipartisan sentiment which is expressed in partisan ways.

What does value mean for HH now? New payment models and reward/consequence for value are happening now. But in the future, I don't see how a patient will sit through a 30-90-minute admission interview in their home, restating information for the umpteenth time.

I also don't understand how we as an industry have gotten use to this or the many other forms of waste which we perpetuate. I think that our patients will hold the industry to a new level of accountability and the market will change, forcing efficiency and more intelligent workflow.

- **People/technology:** The U.S. wants healthcare to innovate. People and technology are intimately tied together as we hit the workforce ceiling, and the only fix is through technological advancement. 10,000 people are turning 65 a day. Assume that 7,500 will live to age 80; that's over 2.25M people a year who will be prime age for receiving home-based services. And our caregiver pool is already maxing out.

It's likely that the current conversation around recruitment, predicated on being the more competitive employer, will change to a struggle to have the most recent and effective technology in the home to care for the masses. And by masses, I mean a massive number of baby boomers who expect and demand very individualized care.

Finally, on a more practical level, to address the original question regarding the near term:

- **One year:** HH's need to be as prepared as possible for PDGM, HHVBP and RCD while being structurally agile enough to make adjustments in operations quickly. Everyone should be hard at work on PDGM. We also should recognize that in spite of this preparation, it's unlikely that anyone will get it right before Jan. 1, 2020.

We will need to react once it begins and be prepared to course correct. EHRs must be able to provide the data that their customers ask for and do so quickly. Same story with RCD and VBP.

- **Three years:** Once the industry has adjusted to the upcoming initiatives, CMS will make more changes requiring more course correction by providers and agility needed from EHRs. The work of getting PDGM right will take years. For EH, we anticipate changes starting in early 2019 through 2022, just to get PDGM right.

We anticipate a change in every part of our HH operation including our patient mix, staffing, departmental structure, etc. EHRs will need to keep their eye on the ball and provide guidance to agencies in a more proactive way than in years past.

Additionally, there will be market consolidation and a movement toward more for-profit HH. Prepare also for possible introduction of another payment model which includes the post-acute continuum. Hiring and using technology to hire millennials will be all the more important.

- **Five years:** The industry will have largely realigned, and successful providers will likely continue to expand. Telehealth will hopefully be ubiquitous and patient interactions (visits) will be moving in earnest to a more virtual delivery.

Telehealth and EHR interoperability will be key. The possibility of a post-acute payment model will be clearer. There will be a significantly higher population of HH eligible patients and not enough skilled clinicians to provide the care.

It's worth mentioning that our healthcare system could be moving to higher government sponsorship and fewer overall payers.

About Netsmart

Netsmart designs, builds and delivers electronic health records (EHRs), solutions and services that are powerful, intuitive and easy-to-use. Our platform provides accurate, up-to-date information that is easily accessible to care team members in behavioral health, home care, senior living and social services. We make the complex simple and personalized so our clients can concentrate on what they do best: provide services and treatment that support whole-person care.

By leveraging the powerful Netsmart network, care providers can seamlessly and securely integrate information across communities, collaborate on the most effective treatments and improve outcomes for those in their care. Our streamlined systems and personalized workflows put relevant information at the fingertips of users when and where they need it.

For 50 years, Netsmart has been committed to providing a common platform to integrate care. SIMPLE. PERSONAL. POWERFUL.

