

Health Care Growth Strategies

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Annual Spending on Home Health Care Estimated at \$36 Billion

Approximately 8 million individuals in the United States receive home care services because of acute illness, long-term health conditions, and permanent disability or terminal illness, with total home care spending estimated at \$36 billion annually. Although the home health industry has faced a challenging period with implementation of a Medicare prospective payment system in 2000, the expansion of home and community-based services is projected to continue, fueled by limits on access to other health care services (particularly inpatient care), the "greying" of the population, consumer demand, technological advances, and economic effectiveness. One indicator of this growth is the Bureau of Labor Statistics' projection that demand for personal and home care aides will increase 62 percent from 2000 to 2010, representing one of the fastest growing occupations in the United States.

Growth and Revenue Opportunities: Home Health Services

To maintain profitability, the home health industry is adopting a more strategic focus on growing markets to enhance revenue while managing expenses and actively pursuing best practices. One organization focusing on several of these growth areas is a large integrated delivery system in the Midwest that provides services to a seven-county region through its Medicare certified home health agency and hospice program. In addition to

traditional home health services, the agency is aggressively developing clinical pathways and disease management programs for chronic conditions such as congestive heart failure (CHF), asthma, and diabetes. Following the CHF program's first year, the organization was able to show a reduction in expenditures and increase in quality of life, information that is now being used to market the program to payors and directly to consumers.

Other innovative home health services being developed at this organization include a maternal/child health program and pediatric services, including asthma management and pediatric therapy in partnership with a local children's hospital. Private pay services include a bathing service for medically stable patients and community-based flu clinics.

The organization has an average daily census of 1,200 patients (27 percent of whom are referred directly from physician offices) and is projecting a 2 to 3 percent operating margin this fiscal year on patient revenues of \$15 million. The availability of a progressive and responsive home health agency is also an asset to the operations and finances of the system's acute care hospitals, particularly the ability to decompress highly utilized services in a less intensive, lower-cost setting.

The development and improvement of medical technologies for in-home treatment are enabling home health providers to further leverage staff and provide more cost-effective

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SELECTED HOME HEALTH GROWTH AREAS

- Skilled nursing
- Pharmacy services
- Infusion therapy
- Home medical equipment
- Respiratory therapy
- Pediatric and perinatal care
- Rehabilitation (physical, occupational, neurological, and speech therapy)
- Disease management
- Telemedicine



care, particularly for patients with chronic diseases. Virtual visits can be conducted via biomonitoring devices, such as a computer and video monitor setup in the patient's home, to track vital signs, transmit data, provide medication reminders, and serve as emergency response units. Several organizations load patient images, taken by visiting nurses who use laptops and digital cameras, into internet-based software, allowing doctors to review progress and prescribe care. Physicians can approve orders for care and bill Medicare for services provided while keeping track of Medicare's reimbursement stipulations.

Organizations that provide an array of well-managed, efficient, home-based services can gain access to the growing population that is receiving health care services in a community or home setting, while improving patient outcomes and reducing the cost of care, especially for chronic illnesses and end of life management that typically represent a significant drain on acute care resources.



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Health Strategies & Solutions, Inc., is a national management consulting firm dedicated to helping organizations discover innovative strategies and solutions for today's complex health care challenges. Our staff has enabled hundreds of health care organizations across the country to address complex issues, make decisions that achieve lasting results, and set courses for success in the new millennium.

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