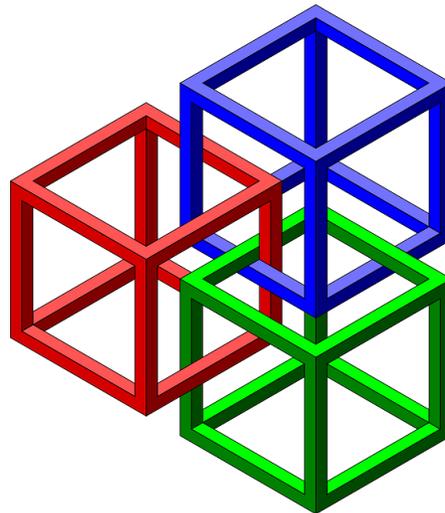


10 Strategic Imperatives for Home Care Services Survival in the New Era of:

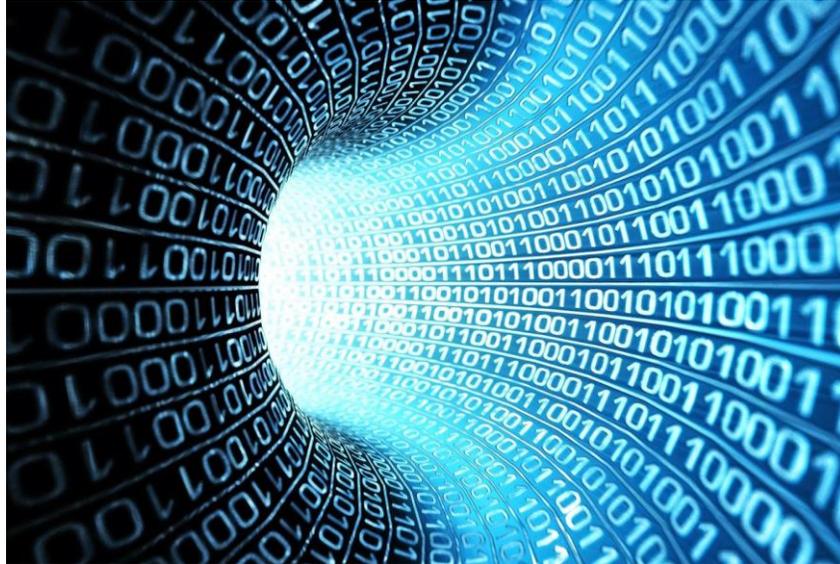
Value Based Payments
Pre-claim Submissions
Claim Submission QA
Acuity-based Staffing
IMPACT 2017

OASIS Outcome Analytics
Predictive Analytics
Re-admission Reductions
Re-certifications
ADR Risk Reduction
Cash Flow Cycle Speed
Staff Retention
Improved Profit Margins
MAC Audit Pressures



By: Michael McGowan
and Michael Radice
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10 Strategic Imperatives for Home Care Services Survival in the New Era



The avalanche of changes impacting home care services can only be described as dramatic. Home care leaders are now pressingly faced with addressing an entirely new era. A new landscape has been created that demands a new approach to protecting revenues, ensuring business sustainability, thus survivability, and the recasting of operational methods and processes that meet the needs of patients...and the business.

What defines this new era?

The primary impetus is of course CMS. New regulations, reporting, coding, quality benchmarks, bundled payments are just a few to be highlighted. The heightened attention and regulatory oversight given to payment penalties, re-admissions, claims reviews and audits are CMS policies that stimulate the establishment of the new culture. One can only assume that this regulatory and heightened audit cultural impact will continue.

CMS: \$42 billion dollars saved via its fraud prevention programs

Underlying all of these actions and more is of course, the implied belief by CMS derived from the state of the industry, that there are too many home care services, serving too small a client base, that are under performing and are operationally, poorly managed. CMS wants fewer home care agencies serving larger client bases having financial stability. In addition is the ever deepening CMS/MAC oversight that seeks to ferret out fraud, waste and abuse. The consensus is that the number of home care agencies while

having increased dramatically will enter a period of CMS motivated decline with 12,000+ agencies today becoming ~ 8,000 in just a few years.

Bottom line: all major categories of financial performance are under pressure. According to one recent industry survey source, “cash on hand” to operate has dropped to 33 days; median revenues have fallen; accounts receivable has slowed from 44 days to 68 days. Current asset to current liability ratio is worsening making borrowing problematic. Unless cash flow cycles can be improved the outlook can only get dimmer.

Everything taken together it is indeed, a new era.

The home care industry has been slow to recognize and follow the lead of hospitals and SNFs for example in successfully making operational quality and efficiency gains through automation. Hospitals and SNFs understood that outdated polices and paper based processes were not going to enable them to produce the efficiency gains and achieve the quality objectives that their new environment (and CMS) demanded. Being slow to adopt automation methods designed for the new era in home care is no longer an option given that surviving in the new era is important.

The issue is not just about running a home care business more efficiently and effectively. While adopting to the new era process may seem like added costs, industry research indicates that agencies with higher visit costs were also more likely to have high quality and satisfaction scores and be among the top performers. The new processes done correctly points to actually freeing capacity to serve more clients.

Payment Error rates (PERM) are the highest since CMS tracking began

50% better profit margins in many cases and actually increase the capacity of the business to serve more clients with the same staff levels.

New on-boarding methods utilizing automation can actually contribute to increased revenues. Using automated home care QA and UR pre-claims automated methods can deliver up to

Dealing with compliance audits and ADR requests is simply a very expensive waste of time and staff resources. Technology should be and can be the targeted solution strategy.



Let's look at the new paradigm with Ten Strategic Imperatives as Guideposts:

#1 STAR Ratings are the new driver. Benchmarking outcomes are now less relevant. STARS outcomes need to be managed in real time prior to their submission to CMS.

#2 OASIS care plans have typically been written up hours or days post visit. All care plans and service utilization decisions **need to be done on site** during the OASIS visits. RAP submissions should be made within 2 -3 hours of the OASIS visit.

#3 Over Utilization visits from one episode to the next **need to be reduced**. OASIS based data needs to drive staffing. Home care needs to use OASIS data the same way hospitals use DRG data.

#4 Outcomes data needs to be distributed to field clinicians via tools that make each **field clinician accountable** for the results (data) they produce.

#5 Claims submission error rate of + 40% (current average) **needs to be sub 15%**

#6 Hospital Re-admission rates at +27% (current average) **needs to be sub 10%**

What is clear from the above is that a new approach for the new era is not just needed, it is demanded. This means that new processes supported with new supportive automation methods is required.

Legacy systems built for the old era requirements of PPS will no longer meet future needs.



#7 Avoid Being Audited into Bankruptcy

First and most essential is the ability to avoid costly and time consuming audits. It is far too easy to be 'audited into bankruptcy' resulting from inaccurate, or clinically inconsistent claims. Do this enough and you are on the MAC radar screen. Having software that uses the audit analytics that MAC uses aids you in not submitting what you can't defend.

**If you see what MAC sees
what would you do
differently?**

#8 Don't Miss Securing Additional Justifiable Revenues

Missed revenues is significantly more prevalent than most home care service providers realize. Having software that can align claims with additional, justifiable revenues is critical to survival and stability.

#9 Transition to a New Era Repeatable Process

Getting 'real time' claims feedback enables improved, speedier claims filing without a seeming unending cycle of ADRs. Cash flow cycles improve.

Establishing new process methods that binds field clinicians with QA staff lessens inaccuracies, speeds accurate claims and will in the end lessen staff requirements and improve capacity to handle more clients. This is a key factor as having definable repeatable on-boarding processes if the foundation that underlies stability.

#10 Win New Business Based on Facts and Data – Win with Strong 'Value-based Purchasing'

Being able to generate outcome analytics that supports quality claims becomes the basis for new business marketing that differentiates your service and attracts new business.

The re-design of home care delivery is real. The numbers of the growing elderly population with expanding care needs is real. CMS' new regulations and 'submission demonstrations' are real. Increased MAC audit pressures are real. True home care service leaders will advance to meet these realities -- the opportunity to survive and excel is real.



155 Fleet Street, Portsmouth, New Hampshire 03801

CONTACT INFORMATION

phone: 603-590-1088

e-mail: info@chartacloud.com

WEB SITES

www.chartacloud.com

www.chartacares.com

www.generationcares.com

