

Expanding Into Home & Community –Based Services

Leading Age D.C.

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Outline

- Why expand into HCBS?
- How to expand into HCBS?
- Challenges and Opportunities for Specific HCBS Provider types
- What HCBS should you offer?

Trends that we see

- The number of Americans 65 and older living in a nursing home fell 20 percent between 2000 and 2010, from 1.6 million to 1.3 million.
- Medicaid funds for LTC- Shifting from nursing homes to **assisted living facilities**. This change has gone from 13 percent of total funding in 1990 to 43 percent in 2007.
- On average states are spending 51% of their Medicaid LTC dollars on HCBS

Why Expand Into HCBS?

Meet consumer preferences



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Why Expand Into HCBS?

HOME CARE



Transportation

PACE

Meal Program



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Why diversify your services?

Foundations, Corporations , Researchers, State agencies, Federal agencies, ACOs, Managed Care organizations view your diversity of services as:

- Innovative programs to reduce costs and improve care outcomes
- An opportunity to partner to fill the gaps of care options for the people that they serve

Why Expand Into HCBS?

Diversify your payer sources



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Why Expand Into HCBS?

Fulfill your mission



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Why Expand Into HCBS?

Enhance your brand

Increase the brand
awareness of your

Organization in the community

Change Community

Perceptions- **Why?**



Why Expand Into HCBS?

Participate in reform



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Why Expand Into HCBS? Governance

“The expansion into HCBS has strengthened our governing body”.

Why Expand Into HCBS? Philanthropy

The expansion into HCBS has increased the number of people in the community that are committed to support our services

HCBS within a larger organization

- Can really compliment your bricks and mortar portion of the business
- Private duty services on your own campuses help to maintain census
- Life Plan Communities/ Housing residents can provide business annually.
- Builds a career ladder for your employees

Journey Into HCBS

Non-
medical
homecare

Medicare home
health and /or
hospice,
Medicaid adult
day

CCRC at
Home
PACE

Risk

Expand mission to the community

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What Will Your HCBS Program Look Like?



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Economics...

- Hospice can be the most profitable, assuming there is sufficient volume
 - Impact of payment reform?
- Home Health can be profitable
 - Similar to the SNF, Medicare is the best payer, many commercial insurances pay a fraction of Medicare
- Private Duty Home care- can be profitable
- Adult Day
 - Low margins, but can feed referrals to your community or to other home and community based services.

Home Health



- 12,461 Medicare Home Health Agencies (2014)
- In 2014, # of agencies decreased by 1.2 percent
- Projected margin of 8.8 percent for 2016
- # visits: Average annual change –3.4%
- #episodes: Average annual change –1.3%
- Profit margins in 2014 12.2% FP, 6.4% NFP, 11.2% urban, 8.5% rural

Operational Considerations – Home Health

- Market to pursue – campus, housing, and/or beyond?
- **Operational expertise**
- Volume goals
- **Reimbursement – declining**
- Regulations very different than SNF world
- **Workforce challenges**
- Back office – billing, scheduling
- **Technology/Software**
- Strong Marketing

Home Health Success Factors

- Minimum number of episodes per month
- Strong Administrator
- Quality Nursing and Nurse Aide providers
- Therapy staff
- Coding and Billing expertise
- Specialized HH programs – MCOs and Hospitals



- 4,092 hospices in 2014
- 63% For profit, 32% Non-profit, 5% Govt. (2014), 74% urban, 26% rural
- Projected aggregate Medicare margin 2016 is 7.7 percent
- Average length of stay 88 days in 2014*
- **Median length of stay 17 days in 2014**

Operational Considerations - Hospice

- Market Share – on campus only?
- **Capitated payment system – some risk with a small population**
- Census of 13-15 is probably a breakeven point
- **Many disciplines needed, despite size of the agency**
 - Nursing
 - Social Worker
 - Volunteer Coordinator
 - Spiritual Care
 - Aides
 - Therapists
 - Medical Director

Hospice

Challenges and Opportunities:

- Changes in persons being served
- Payment system doesn't cover costs for certain individuals
- Moving towards a benefit to cover Advance illness

*Non-Medical
Home Care
Services.*



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Non-Medical Home care

Challenges and Opportunities

- Workforce
- DOL regulations
- Competition
- Medicaid Fraud
- LTC financing
- Consumer choice
- State rebalancing efforts → HCBS

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Keys to success in Home care



- Spend money educating the public and building your brand.
- Hire great staff, screen them thoroughly, weed them out quickly, train and retrain and retrain. Compensate them fairly and give them hours; treat them well.
- Provide consistent, thorough, ongoing nurse supervision and support for your aides.
- Build-in quality controls and audits from the beginning.
- Get regular feedback from your clients. If your customers are happy the business will grow.

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Keys to success in Home care



- Diversity of services- Concierge services, PERS, Medication dispensing machines
- Need good schedulers, training, and marketer for off-campus. Use of technology
- Highest barrier to entry is talent and knowledge.
- Retail brand risk in failure or poor quality.
- Hire home care professionals experienced in running a community home care agency – it's not a CCRC or SNF!
- Differentiate the product – create a value proposition for the client.

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Use of Technology

- Scheduling, HR, training software, payroll, billing
- Telephony
- Reduces Administrative costs

Growth of Adult Day Services/ Adult Day Health

- 5,685 adult day programs in the U.S. in 2014
- Nearly half of all participants have some level of dementia

Adult Day Services

Challenges and Opportunities

- Managed Care
- Diversity in programs
- Cost effective
- Consumer Choice
- Value-based Purchasing – TN, MN

PACE



- 113 Programs of All Inclusive Care for the Elderly (PACE) nationwide. PACE expanded into its 32nd state
- Regulatory changes to increase the flexibility within the model

Housing with services

- Seniors in HUD Assisted Housing are Sicker, Poorer, and More Costly than non HUD-Assisted Individuals
- 65% of HUD housing residents are dually eligible
- MCOs working closely with housing providers on service enriched housing
- Multiple federal agencies have made housing as a platform for services a priority

Practical Advice for Making a Decision



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Options for Starting

- Develop
 - Timely, somewhat expensive
 - Need to hire on talent to operate
- Buy
 - Talent may come with the deal
 - Some census levels
- Joint Venture
 - Develop with another partner that has the expertise

Questions to ask?

- Who is your competition?
- How many of each type of HCBS provider is operating in your market?
- What is their niche?
- Is there a need for additional providers in your market?

Questions to ask?

- Do you have relationships with the key referral sources for HCBS?
- Is a certificate of need required?
- Is there a moratorium on new providers?

Implementing an HCBS Program



- Involve your board, staff and residents in the discussion of expanding into HCBS
- If you use a consultant, hire someone who has expertise in the type of HCBS in your plan
- Hire a VP of HCBS who has extensive experience in the specific type of HCBS

Resources

- [http://www.leadingage.org/Education Spotlight HCBS.aspx](http://www.leadingage.org/Education_Spotlight_HCBS.aspx)
- [http://www.leadingage.org/Expanding Senior Housing Provider HCBS.aspx](http://www.leadingage.org/Expanding_Senior_Housing_Provider_HCBS.aspx)
- [http://www.leadingage.org/HCBS Strategic Investment.aspx](http://www.leadingage.org/HCBS_Strategic_Investment.aspx)

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