

Check Your Compass:

Leading Executives in Home Care Share Top Challenges,
Emerging Strategies and Guidance for the New Era of Health Care

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Table of Contents

Executive Summary	3
Are We Ready for Change?	4
#1 Challenge: ACOs	5
Preparing for Accountable Care	5
Marketing Outcomes to ACOs	7
Top Readmission Reduction Initiatives	7
#2 Challenge: Burden of Regulations	8
#3 Challenge: Efficiency.....	9
Technology.....	9
Questions to Ask Yourself: A Strategy Checklist	10
Respondent Profile.....	11
About The Corridor Group.....	13
About VCPI	13

Executive Summary

“We are on the verge of great opportunities to innovate. Organizations with new approaches will be in a better position.”

CEO,
VNA

The Challenges

Never before have home care executives faced the perfect storm: where payment cuts, payment reform, and increased regulatory oversight are simultaneously changing the landscape of the industry as we know it. The pressure to perform is intense.

Leading Industry Executives Speak

As the industry moves towards new healthcare models where value versus volume is increasingly rewarded, providers with superior outcomes will have a competitive edge. In order to take a pulse on how executives are responding to the challenges of the new era and preparing for competitive advantage, The Corridor Group and VCPI retained a market research firm to interview home care executives across the country. We learned that many share an urgency to make smart moves with hospitals, physicians and other partners, and to create operating leverage on which their future reputation and revenues depend. In this study, executives offer perspective and guidance for the top items on their radar:

- Preparing and partnering for accountable care, bundled payments and the new care continuum for the 21st century
- Increased regulatory scrutiny
- Gaining operational efficiencies for competitive survival

The Bottom Line

The decisions executives make today will have a dramatic effect as the episodic and bundled payment world unfolds. As you shape strategy for your own organization, this industry snapshot can be a helpful tool to ensure you're on track.

Ten Imperatives for Your Strategy

How does your strategic plan line up with the imperatives expressed by these top executives? If these are not on your team's radar today, they should be. Our strategy checklist can help your team prepare for the 10 must-haves going forward.

“We have got to change the mindset, clinical as well as referral sources...I am not sure that all are aware of the magnitude.”

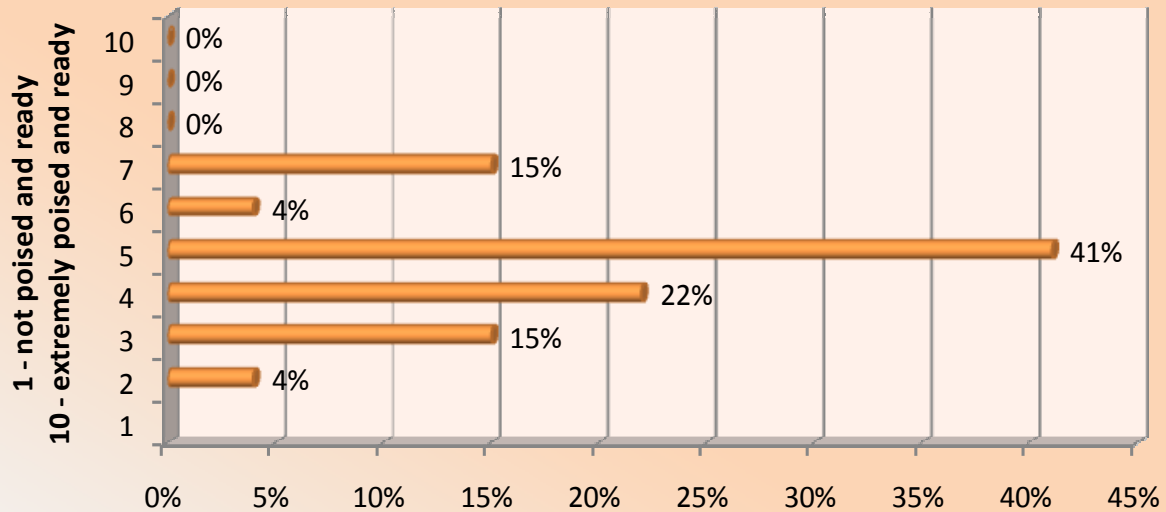
CEO,
Home Health Care Provider

Are We Ready for Change?

80% of those interviewed indicated that the industry overall is not well-poised to address challenges. Whether it is lack of adequate staffing, fiscal challenges, or technology advancements, executives indicate that, by and large, the industry is not prepared for healthcare reform. Top reasons:

- **Years of operating on islands.** Many providers struggle with forming highly connected partnerships that will be essential for managing care transitions and improving outcomes.
- **Early adopters.** While some are exploring models for risk-sharing, overall efforts are fragmented and often viewed as cottage ventures.
- **Change management.** Today, staff are rewarded on volume. Changing the mindset from volume to value must be carefully navigated. Eliminating siloed thinking is a must in this process.

How poised and ready do you believe Your Industry is to meet these challenges?



#1 Challenge: ACOs

“Historically, we had high outcomes, but we weren’t rewarded for them. With ACOs, there is an increased incentive for high outcomes.”

CEO,
VNA

Preparing for Accountable Care

Bundled payments have taken the industry spotlight due to potential savings to taxpayers of over 5%.¹ While debate ensues over the viability of Accountable Care Organizations (ACOs) and their future role, one thing is clear: the industry is headed toward capitated payments, and bundled payments are a first step. Whatever models evolve, there will be entities measuring and monitoring the performance of a network of providers and their collective ability to lower costs per episode, drive up quality, and prevent readmissions to the hospital.

Executives span the spectrum from the information-gathering stage to those with very sophisticated care transition management programs and partnerships. For those on the leading edge, their progress is noteworthy in key areas:

- **Flexible offerings.** One size fits all service delivery is a model of the past. New offerings are in place to take a ‘whatever it takes’ approach to prevent readmissions. Pre- and post-acute care management models and telehealth programs are playing increasing roles.
- **Hospital partnerships.** These partnerships require providers to take and share risk for Medicare populations.
- **Creative selling.** Executives realize that referral sources are shifting. They are hiring creative sales talent to target the C-suite of the hospital versus the discharge planning teams.
- **Pitching outcomes.** Providers pitch readmission outcomes directly to hospital executives. Because some models are physician-centric, the importance of proving outcomes for quality and costs to physician groups is mission critical.
- **Physician portals.** Providers are sharing information with physicians to boost communications and improve care coordination.

¹ Hussey, Peter, Ph.D., et. al. *Perspectives: Controlling US Health Care Spending – Separating Promising from Unpromising Approaches*, NEJM, 11/09; accessed via the web 12/09.

“We partner with five large hospitals in our service area. We are at the table with their CEOs.”

CEO,
Hospice Care Provider

Marketing Outcomes to ACOs

Many providers are packaging their outcomes in creative ways to ‘get a seat at the table’ with hospital executives. These key metrics are on their radar:

- 30-day readmission rates
- Results from early interventions in the disease process
- Cost per episode
- ER visits and use of urgent care
- Wound care and pain management
- Patient and family satisfaction

Top Readmission Reduction Initiatives

- Increasing telehealth interventions
- Developing chronic disease management programs
- Leveraging clinical specialty programs
- Collaborating with physicians, care managers, home health, hospice, and clinics
- Educating families, health coaching of patients
- Reviewing avoidable hospital readmissions
- Establishing clinical centers of excellence

“... There are more regulations, more scrutiny of the basics.”

CEO,
Hospice Care Provider

#2 Challenge: Burden of Regulations

Executives noted that the home care industry is over-regulated, resulting in enormous administrative burdens and costs, without apparent added value to the patient. New face-to-face requirements and increased survey scrutiny are the latest examples. Specific concerns included:

- **Face-to-face** requirements for physician encounters and therapy assessments result in enormous administrative burdens, without apparent added value to the patient.
- **Physician pushback.** One provider stated that 40% of physicians are fed up with requirements, and some are refusing to document interventions putting increased regulatory compliance burdens back on the agency.
- **New survey processes** result in ever-changing roadmaps and additional staff training.
- **Lack of surveyor preparedness.** Some expressed frustration with regulators' lack of knowledge about the industry, pointing to more education and collaboration between surveyors and providers.

“We are driving a big train while laying down the track in different directions.”

CEO,
Home Health Care Services

#3 Challenge: Efficiency

With cuts to Medicare and Medicaid reimbursement constantly looming, providers are well aware that efficiency is imperative to control costs.

The top cost reduction initiatives include:

- **Labor.** With 85% of operating costs related to personnel, and the constant challenge of paying competitive wages, boosting productivity and initiatives to control employee health care costs, such as containing health insurance costs and increasing staff wellness, are actively being pursued.
- **Centralization.** Providers are centralizing and automating some activities, like scheduling and documentation.
- **Redesigning care management.** Progressive providers are using Lean and Six-Sigma techniques to eliminate waste, boost efficiency, and reduce costs.
- **Process consistency.** Executives understand that with thousands of nurses making independent outcome decisions, variability can be expensive. Best practices are being leveraged across a field-based workforce to streamline processes, and social media is increasingly used for process implementation (i.e., YouTube demonstrations).
- **Debt reduction plans.** For some providers with stable cash flow, this option is being explored.

“Most important is to make sure we capture information about key drivers. Reports, digital, electronic, user-friendly and easy to access.”

CEO,
Home Health Care Services

Technology

Cost is most often cited as the greatest challenge to implementing a technology strategy. However, many name two other significant concerns about technology:

- Obtaining buy-in from physicians and field staff
- Using the data and analytics the data provides

Which uses of technology are making headlines in home care?

- **Electronic Medical Records** took first place, and many acknowledge urgency to get good digital records in order to report outcomes.
- **Interoperability.** In order to drive proactive care and prevent readmissions, integrating databases – creating interoperability – across the care continuum is essential.
- **Smart phone technology** is mentioned for its cost effectiveness and convenience; the use of laptops and smart phone technology, i.e., for wound care, is increasing.
- **Telehealth.** The driver is to increase patient touch points without increasing home visits.
- **Social media** is being used to improve collaboration of field-based care teams, drive standardization, leverage best practices and mitigate security concerns.
- **Portals** are seen as a way of boosting communication and collaboration. These databanks about patients are typically organized and paid for by a hospital. Typically the first 7 days after discharge are the most critical for readmission – and care providers across the post-acute continuum can tap into these portals to have a better picture of a new patient long before administering care.

Questions To Ask Yourself: A Strategy Checklist

Each executive shared top challenges, best practices, and wisdom about lessons learned. In this checklist, we've compiled "the best of the best" strategies we heard as a way for you to take your organization to new heights in the new era of healthcare.

As noted in IBM's 2010 CEO Study, senior leaders are building upon success by focusing on creative leadership...re-inventing customer relationships and building operating dexterity to thrive in a dynamic economic environment.² Similarly, home care executives interviewed identified the following 10 industry challenges and key questions to help determine if your business model will survive the future:

- 1) **Partner collaboration.** Do we have partners with whom we can collaborate across the post-acute continuum and successfully prevent readmissions?
- 2) **Hospitals.** Do we have a hospital strategy? If today we're focusing on discharge planners...do we have a plan to get in front of the C-suite where partnering decisions are being made *now*?
- 3) **Physicians.** Do we have the relationships we need with physicians who are aligned with the hospitals on our radar?
- 4) **Care transitions.** What are our intake and discharge procedures? Can we do a better job of empowering partners with data? How will we get data to them? From them?
- 5) **Technology roadmap.** Is our EMR house in order? Are we ready to be totally transparent with partners of similar mindset where value is rewarded as opposed to volume? Do we have physician and referral source portals?

² *Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study.* Somers, New York: IBM Global Business Services, May 2010.

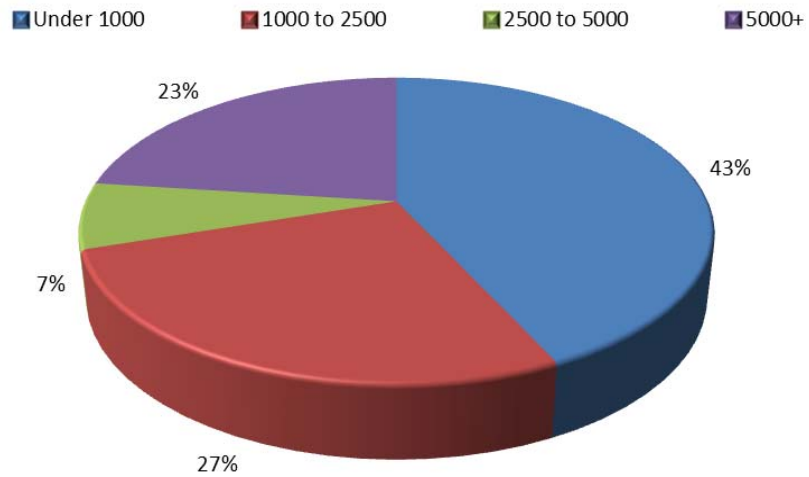
- 6) **Cost competitiveness.** Are we as efficient as we possibly could be? Are we driving continuous improvement for even greater efficiency? Can we prove we're getting better over time to our partners? Are we ready to assume more risk?
- 7) **Outcomes data.** Do we have data we can trust? Can we create dashboards of cost per episode, and cost for the top three conditions targeted for hospital re-admission penalties beginning 2012 (CHF, pneumonia and AMI)?
- 8) **Outcomes reporting.** Do we have data-driven proof of our outcomes for cost, quality, and readmissions? Have we packaged the data for a C-suite presentation to hospitals and physician networks? How do our outcomes stack up against our neighbors?
- 9) **Workflow.** Have we evaluated every process upside down, inside out – in order to be as efficient as humanly possible? Are there steps we can eliminate that are not valued by our clients nor compensated by payors?
- 10) **Business Model.** Does our business have the agility needed for the care continuum for the 21st century? Do we have the right leaders who are ready to transition from volume-based to value-based care? If not, which experts can we trust for guidance?



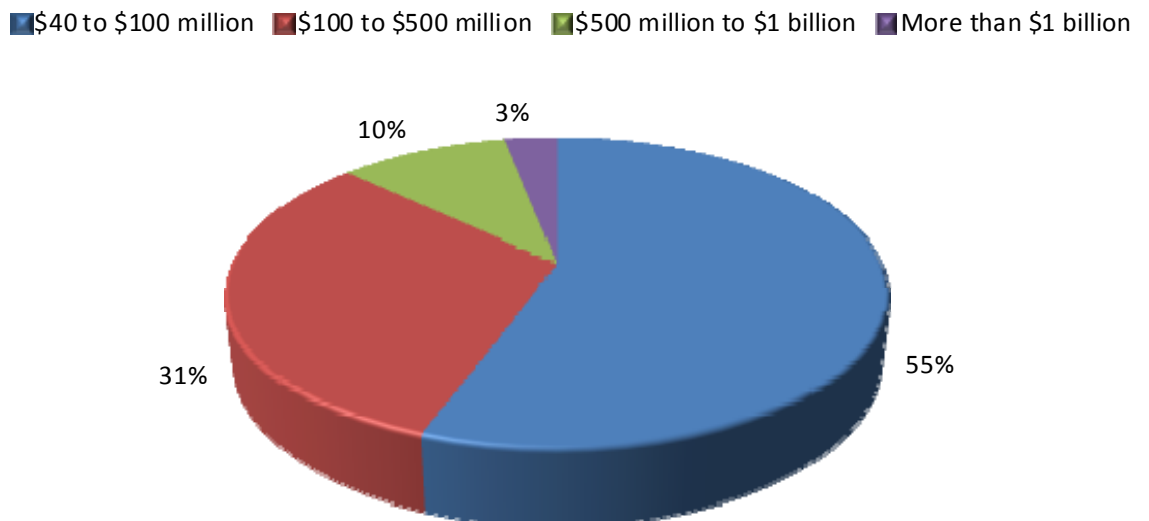
Respondent Profile

Interviewees held titles of CEO, COO, CFO, Chief Strategy Officer, Executive Director, President, and included one VP of Marketing.

Approximately How Many Employees Do You Have?



Which Range Best Describes Your Company's Current Revenue?



About The Corridor Group, Inc.

Since 1989, The Corridor Group, Inc. (TCG) has provided business advice to more than 2,000 clients ranging from large health systems and national chains to small, independently owned agencies. TCG has long-term relationships with over 70% of its clients, involving periods of intense work and ongoing guidance and education. As nationally renowned industry experts, TCG is a benchmark in home care business advice and resource for the home care industry, including home health, hospice and palliative care, private duty, HME and home infusion pharmacy.

www.corridorgroup.com

About VCPI

Headquartered in Milwaukee, WI, VCPI helps providers of post-acute care solve business challenges with technology and beyond. For more than 1,900 communities across the U.S., VCPI takes care of technology, enabling clients to focus on taking the care delivery on which reputations and revenues depend. VCPI was founded in 2000 as a wholly-owned subsidiary of Extencare REIT, one of the largest operators of long-term care, home health and assisted living communities in the U.S. and Canada.

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