

VALUE

THE HUMAN, CLINICAL AND
FISCAL VALUE OF MEDICARE'S
SKILLED HOME HEALTHCARE BENEFIT




Partnership for
Quality Home
Healthcare

THERE'S NO PLACE LIKE HOME

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■ Overview of Medicare's Skilled Home Healthcare Benefit

What Is Home Healthcare?

Home healthcare agencies provide services to nearly 3.5 million Medicare beneficiaries who are homebound and require skilled care to treat illnesses related to acute, chronic or rehabilitative needs. Medical care that was once offered only in a hospital or a clinical setting can now be safely and effectively provided in a patient's home by skilled healthcare professionals. Data show that skilled home healthcare is less expensive, but just as clinically effective, as care provided in an inpatient healthcare facility.

SKILLED CARE AT HOME

- Cardiac & Pulmonary Care
- Neurological Rehabilitation
- Intravenous (IV) Therapy
- Wound Care
- Pain Management
- Chronic Disease Care
- Medication Management
- Physical Therapy

"The home health benefit provides a valuable service to beneficiaries and the Medicare program, particularly when it is an element of an efficient coordinated care delivery system."

MedPAC Report, 2014

■ COST EFFECTIVE

Home healthcare can reduce healthcare costs by managing disease and preventing hospitalizations

- The average cost of care in a skilled nursing facility is \$449 per day or \$26,940 for a 60 day stay compared to \$2,674 for a 60 day home health episode.¹
- The Veterans Administration reduced health spending by 24% using in-home interdisciplinary care.
- Home health helps prevent avoidable hospital readmissions through better care transitions and effective management of chronic conditions.²

■ CLINICALLY ADVANCED

Skilled home healthcare effectively manages chronic conditions and provides post-acute care

- In 2014, 1.1 million medical professionals including registered nurses, licensed practical nurses, home healthcare aides and other practitioners provided skilled home healthcare to patients.
- Home healthcare provides patients with the same quality therapy, wound care and skilled nursing that is found in hospitals or institutional settings.

■ PATIENT PREFERRED

Home healthcare allows patients to receive care with dignity in the comfort of home

- Nearly 90 PERCENT of American seniors say they want to age in place and remain in their home.³
- AARP: "the vast majority of people over 50...want to live in their homes as long as possible."⁴
- In the absence of home-based care, many seniors, especially those in rural areas, will have no choice but to seek care in institutional settings.

1. A Data Book: Healthcare Spending and the Medicare Program. Medicare Payment Advisory Commission. June 2015

2. Clinically Appropriate and Cost Effective Placement Project. Baseline Statistics of Patient Pathways by Episode Type for Select MS-DRGs and Chronic Conditions. May 2012.

3. Clarity/PrinceMarketResearch2007AginginPlaceStudy.Retrievedfrom<http://www.marketingcharts.com/direct/seniors-fear-loss-of-independence-nursing-homes-more-than-death-2343/clarity-aging-in-place-importance-living-independently-seniors.jpg>

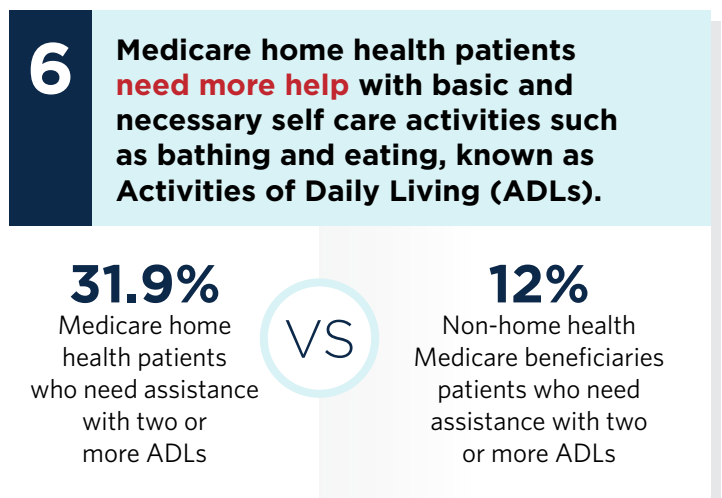
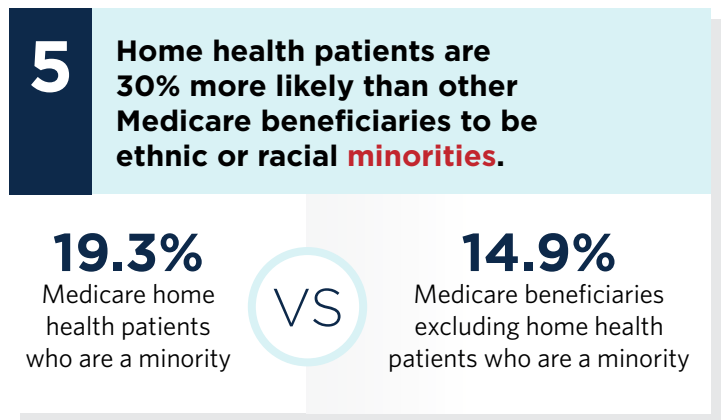
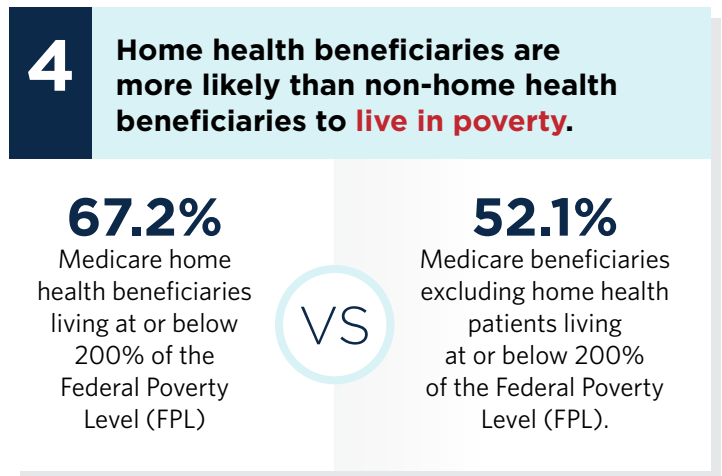
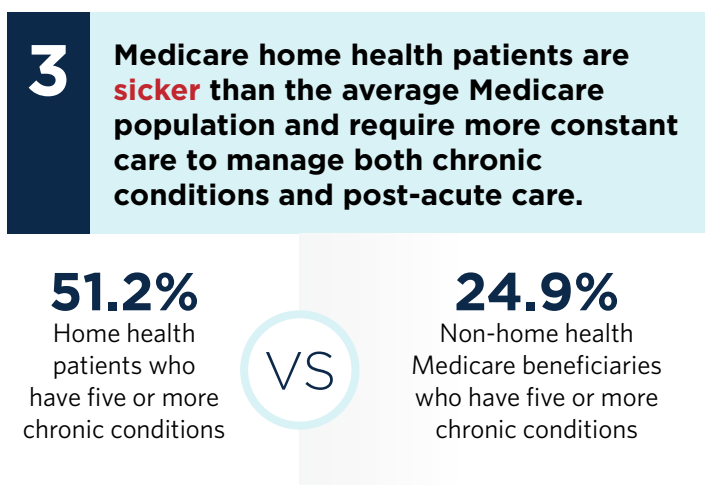
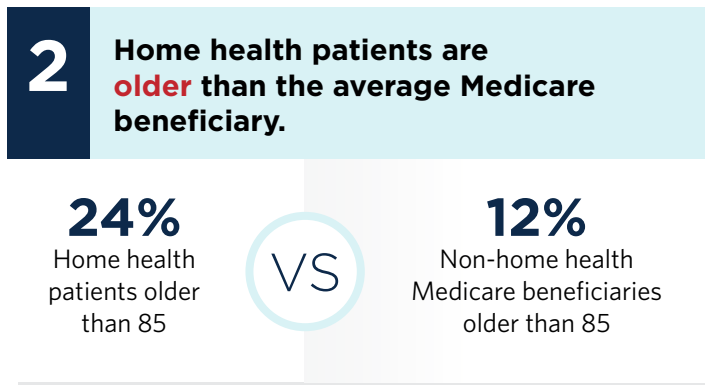
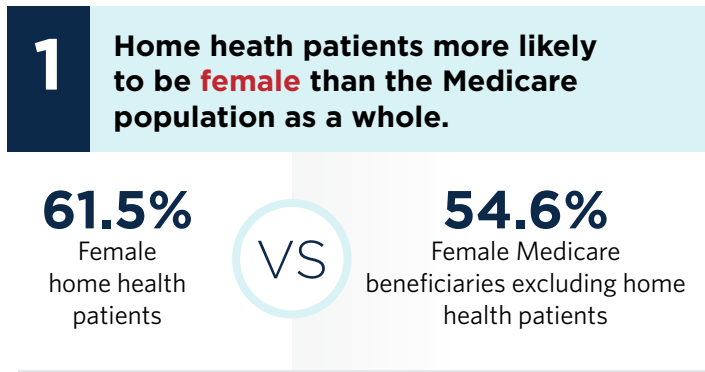
4. Nancy LeaMond. AARP Executive Vice President

Who Receives Home Healthcare?

Medicare's Vulnerable Home Health Population

Analyses of federal data by Avalere Health reveal that the Medicare home health benefit is particularly important to women and vulnerable seniors. The Medicare program's 3.5 million home health beneficiaries are older, sicker, and poorer than all other beneficiaries. Data also show home health

beneficiaries are more likely to be female, a minority, and/or disabled and that women constitute the majority of home health beneficiaries.



Partnership for Quality Home Healthcare

THERE'S NO PLACE LIKE HOME

The Partnership is dedicated to strengthening the quality, integrity and sustainability of skilled home health services for America's senior citizens.

Partnership members operate in communities nationwide and proudly serve **1-in-6 Medicare beneficiaries...**

BENEFICIARY COUNT

535,380

15.62% of US

EPISODES OF CARE

873,733

12.99% of US

AVERAGE AGE

77.1

vs. 75 for US

PQHH analysis of 2013 Medicare Claims Data

...And strive for exceptional value by delivering **high-quality, low-cost care.**

EPISODES PER BENEFICIARY

16.81%

Below US

COST PER BENEFICIARY

12.42%

Below US

30-DAY REHOSPITALIZATION

11.98%

Below US

PQHH analysis of 2013 Medicare Claims Data

■ The Human, Clinical and Fiscal Value of Home Health

Adding Human, Clinical and Fiscal Value to America's Healthcare Delivery System

Home healthcare providers are leading the charge on value reforms in the post-acute care community. Below is a snapshot on how home health providers reward value over volume, improve patient outcomes and reduce costly hospital readmissions while serving one of Medicare's most vulnerable patient populations:

BY THE NUMBERS

The Human Value of Home Health

HOME HEALTH BENEFICIARIES¹

24.4% Older than age 85

51.2% Live with five or more chronic conditions

67.2% Live at or below 200% of the Federal Poverty Level

The Fiscal Value of Home Health

COST SAVINGS PER BENEFICIARY

\$5,411

Savings when home health is the first post-acute care setting utilized after a patient receives a major joint replacement²

The Clinical Value of Home Health

REDUCING HOSPITAL ADMISSIONS & READMISSIONS

Patients in high quality home health and home-based care programs have experienced:

26% fewer acute care hospitalizations³

59% fewer hospital bed days⁴

19-30% total medical cost savings⁵

Home-Based Care Model of Success

U.S. DEPARTMENT OF VETERANS AFFAIRS HOME BASED PRIMARY CARE (HBPC) PROGRAM

62% Reduction in inpatient hospital days achieved

88% Reduction in nursing home days

24% Reduction in TOTAL COSTS to the VA achieved through the HBPC program

1 Medicare Beneficiary Analysis: Key Differentiating Characteristics of Medicare Home Health Beneficiaries, Avalere Health, October 2015

2 Clinically Appropriate and Cost Effective Placement Project. Creating and Benchmarking Episodes: Baseline Statistics of Episode Frequency and Patient Diagnoses. April 2012.

3 Shaughnessy et al., "Improving Patient outcomes of Home Health Care: Findings from Two Demonstration Trials of Outcome-Based Quality Improvement", Journal of the American Geriatrics Society, 50:1354-1364 (2002)

4 Beales JL & Edes T., "Veteran's affairs home based primary care", Clin. Geriatr. Med. 25: 149-154 (2009).

5 Kaye S. et al., "Do noninstitutionalized long-term care services reduce Medicaid spending?", Health Affairs 28(1): 262-272 (2009); Cyer L. et al., "Costs for 'Hospital at Home' patients were 19 percent lower, with equal or better outcomes compared to similar inpatients", Health Affairs 31(6): 1237-1243 (2012); Frick KD et al., "Substitutive hospital at home for older persons: effects on costs", American Journal of Managed Care 15(1): 49-56 (2009)

VA Home Based Primary Care

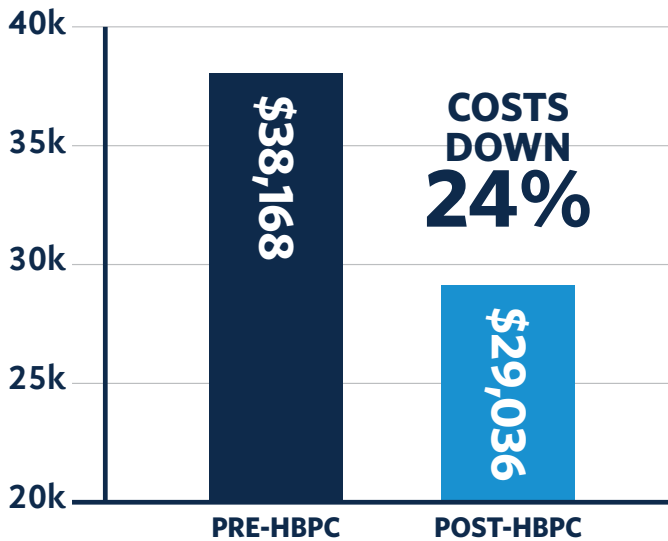
A Model for Improving Medicare Quality and Cost-Effectiveness

The U.S. Department Veterans Affairs established the Home Based Primary Care (HBPC) program in 1972 to meet the needs of its growing population of chronically ill Veterans. The HBPC program is designed to promote health and independence while reducing costs by delivering a comprehensive array of healthcare services in HBPC participants' homes. Services offered through the HBPC program include chronic disease management, coordination of care by a team of health providers, rehabilitation during recovery from an illness and palliative care.

"A model to emulate for the care of persons with complex, chronic disabling conditions, improving quality without added cost, and maximizing their independence through comprehensive longitudinal interdisciplinary care delivered in their homes."

Thomas Edes, MD, MS,
Director, Geriatrics & Extended Care
Office Of Clinical Operations, U.S.
Department Of Veterans Affairs

DECREASE IN VA HEALTHCARE COSTS PER PATIENT PER YEAR



Source: EDES, Thomas MD, MS. Impact of VA home Based Primary Care: Access, Quality and Cost. July 22, 2011.

The HBPC has achieved a **62% reduction in inpatient hospital days** and an **88% reduction in nursing home days**, achieving a **24% reduction in total costs**.

"No Medicare reform plan I'm aware of contemplates a 24 percent net cost reduction. Through its successful HBPC program, the VA has shown the way."

Chairman Billy Tauzin

Program	Patient Characteristics	Length of Stay	Care Model	Costs
Medicare	4.2 medical conditions 8.8 medications 3+ ADLs	65 days	Short-duration care to homebound patients	+29.4% (1998-2005)
VA HBPC	8 medical conditions 12 medications 5 health concerns	315 days	Comprehensive longitudinal care to chronically ill veterans	-24% (post-HBPC)



Clinically Appropriate & Cost-Effective Placement (CACEP) Project

In 2012, the Alliance for Home Health Quality and Innovation released a comprehensive report¹ containing findings on Medicare's post-acute care delivery system and how it could be improved. The goal of the Alliance's report - completed by health care economic consultants at Dobson DaVanzo & Associates, LLC - was to understand how Medicare can better meet beneficiary needs and more

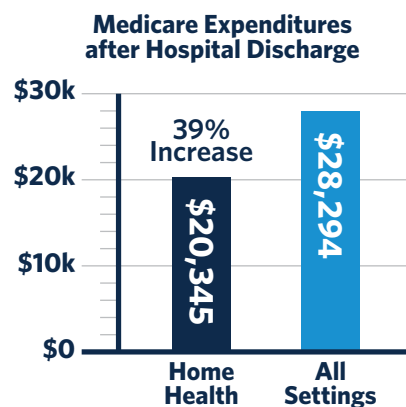
efficiently utilize resources in the provision of post-acute care services."

The final report reached multiple conclusions, which demonstrate how placing patients in clinically appropriate and cost-effective care settings can improve patient care and lower costs to the Medicare program.

1. Patients with similar clinical and demographic characteristics have considerable overlap in the use of post-acute care settings. Evidence suggests that Medicare could achieve savings by treating patients in the most clinically appropriate and cost-effective settings of care.

Data show Medicare beneficiaries with the same diagnosis in the acute care hospital are receiving care in various post-acute care settings including: home health, skilled nursing facilities (SNFs), and to a more limited extent, inpatient rehabilitation facilities

(IRFs), and long-term acute care hospitals (LTCHs). Across all Medicare diagnosis groups, the average 60-day episode expenditures (including the preceding acute care hospital admission) vary widely by formal first setting. For example, Medicare expenditures for a patient treated in home health after hospital discharge average \$20,345, compared to an average of \$28,294 across all settings.



2. There is great opportunity for reducing Medicare spending through a better understanding of how patients receive care (care pathways) and more efficient placement of patients in settings that are clinically appropriate and cost-effective, such as home health.

The CACEP report concluded that the clinically appropriate and cost-effective placement of beneficiaries could lead to \$1,339 in savings per Medicare payment episode. Over a 10-year period, these savings would total \$34.7 billion to the Medicare program. This is evident in diagnosis specific analysis. For example, the appropriate use of home health as the first post-acute setting following a major joint replacement (MS-DRG 470) could save the Medicare program, on average, \$5,411 per beneficiary.

3. Medicare could achieve \$100 billion in savings over 10 years.

If the clinically appropriate and cost-effective placement of Medicare beneficiaries were coupled with payment reforms that encourage care reengineering and reduce post-acute care spending (excluding the index hospitalization) by 7.5 percent, such as bundled payment policies, the report estimates Medicare could save \$100 billion over a 10-year period, from 2014 - 2023.

¹ Allen Dobson, et al., Improving Health Care Quality and Efficiency ("Final Report"), Clinically Appropriate and Cost-Effective Placement (CACEP) Project, Dobson | DaVanzo (Nov. 9, 2012), <http://ahhq.org/images/pdf/cacep-report.pdf>.



■ Supporting and Empowering Seniors

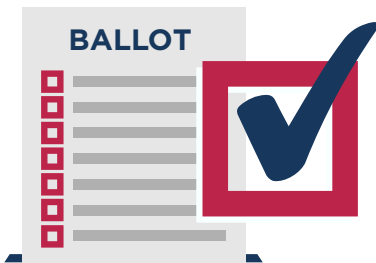


BRING THE VOTE HOME

Bring The Vote Home is a national initiative designed to collect senior opinions on a wide range of issues while simultaneously empowering both seniors and disabled Americans to engage fully in America’s electoral process.

Nearly 12 million Americans – including 3.5 million Medicare beneficiaries — receive home-based care services delivered by approximately 487,000 healthcare professionals. Bring The Vote Home offers homebound home-based care patients resources to ensure they are not restricted in their ability to make their voices heard.

What is Bring The Vote Home?



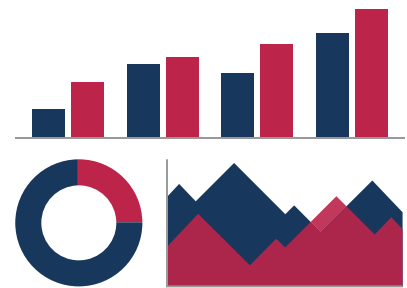
Voter Registration

Helping senior citizens, disabled Americans, their family members, and their home-based care clinicians to participate in elections by providing the tools needed to register to vote and receive an absentee ballot.



Information

Bring The Vote Home keeps seniors and their caregivers up to date about what their lawmakers are saying about the Medicare home health benefit.



Polling

Bring The Vote Home is surveying senior voters in a timely, accurate manner to produce actionable polling and data on the most relevant policy and lifestyle questions and can be broken down by political, demographic, and socio-economic variables.

The Senior Vote Matters

Those receiving home-based care make up a rapidly growing portion of the population, but the homebound status of many of them makes it difficult for them to participate in the electoral process. Bring The Vote Home is dedicated to keeping home-based care patients informed and helping all members of the home-based care community participate fully in our nation’s democratic process.

BRING THE VOTE HOME

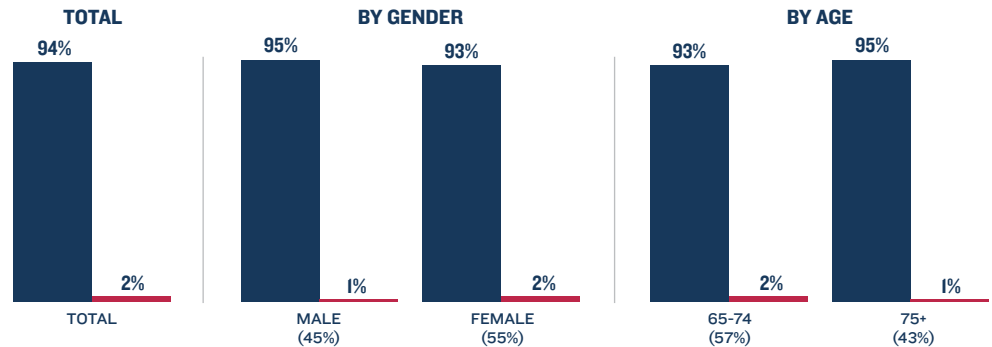
National Seniors Poll Confirms Strong Support for Medicare Home Healthcare Benefit

Seniors Overwhelmingly Value Home Healthcare

More than nine in 10 seniors (94%) across gender, age, and region favor Medicare coverage of home healthcare services. And, while only 34 percent of seniors have received or know someone personally who has received home healthcare services, nearly half of seniors (48%) would prefer to receive help at home with a caregiver when basic tasks of life become difficult due to aging or illness.

Home healthcare services are skilled clinical services provided under a physician's care to homebound seniors and disabled Americans inside their home. Medicare currently covers home healthcare services, which are able to be delivered at a lower cost to Medicare than facility-based healthcare services. Do you favor or oppose Medicare coverage of these home healthcare services?

FAVOR **OPPOSE**



Seniors Deeply Concerned by Cuts, Cost Increases

By a 6-to-1 margin (77% Oppose, 12% Support), seniors expressed opposition to legislation that would increase costs for seniors. Eighty-one percent expressed opposition to legislation that would cut Medicare-covered healthcare services.

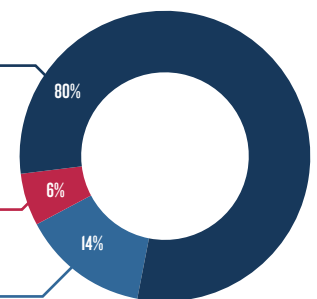
EIGHT IN TEN VOTERS AGREE WITH THE STATEMENT "... WE SHOULD SUPPORT AND USE – NOT CUT – COST EFFECTIVE SERVICES LIKE HOME HEALTH."

Please indicate which of these statements you agree with more, even if neither is exactly right

Medicare home health services have allowed millions of seniors and disabled Americans to receive the medical treatment they need at home, which costs much less than care delivered in hospitals and nursing homes. To keep Medicare spending under control, we should support and use – not cut – cost effective services like home health.

We have a huge federal deficit and the Medicare system faces long-term fiscal problems. We need to make spending cuts – including to the Medicare home health benefit – in order to get the budget deficit under control and ensure Medicare is able to provide care for seniors.

Don't Know / No Opinion



Rural Home Healthcare Popular

By a nearly 3-to-1 margin (57% Support, 20% Oppose), seniors support increasing funding for rural home healthcare services. Overall support for increased rural healthcare funding is highest among key subsets, including seniors under 75 years of age and rural seniors.

RESOURCES

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The Partnership for Quality Home Healthcare

Homehealth4America.org

Bring The Vote Home

BringTheVoteHome.org