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INTRODUCTION

Home Health is a burgeoning and besieged industry. Its growth is strongly connected to our aging population and increased competition; its challenges come from a variety of sectors. It all adds up to healthcare organizations that face financial, workforce and regulatory pressures on a daily basis that could threaten the quality of their service delivery and, for some, their overall viability.

This paper looks at the convergence of these factors and the focus it has put on efficient Revenue Cycle Management (RCM). It also addresses the widespread deficiencies in Home Health documentation and coding, and makes the case for targeted training to help assure appropriate reimbursement, maximum incentives and regulatory compliance.

ESCALATING NEED

The graying of American continues, with the number of persons age 65 and older expected to increase from approximately 35 million in 2000 to an estimated 71 million in 2030, according to the U.S. Census Bureau.¹ In addition, the number of persons age 80 and older is expected to increase from 9.3 million in 2000 to 19.5 million in 2030.

With age can come frailty, which only compounds the issue for Baby Boomers, who have higher rates of chronic disease, more disabilities and are more obese than members of the previous generation at the same age.²

Since it has been estimated that more than 90 percent of persons over the age of 65 have expressed a desire to stay at home as long as possible³, the surge in need for Home Health services is clear for this reason alone. Other factors play a role as well, as in-home services can be a matter of convenience and comfort for elderly persons or those with disabilities and their families. Both individuals and the government increasingly also appreciate the affordability of Home Health, especially as it compares to assisted living facilities and nursing homes.⁴

In a study released December 17, 2015, the U.S. Bureau of Labor Statistics stated that the compound annual growth rate for home health care services from 2014-2024 would be nearly 5%, the highest among all industries.⁵

INDUSTRY GROWTH AND COMPETITION

The traditional U.S. Home Health market, valued at \$77.8 billion in 2012, is projected to grow to \$157 billion by 2022.⁶ This growth potential is accelerating market entry by for-profit organizations – a phenomenon that began when the Omnibus Reconciliation Act of 1980 removed restrictions for them to participate in the Medicare and Medicaid Home Health program, which pays 80 percent of the bills.

Also entering the market or seeking alignment through partnerships or acquisitions with the Home Health sector, are hospitals and integrated delivery networks. Among reasons is a desire to be involved in the entire continuum of care for patients for industry growth and competition, or as a response to readmission prevention incentives. Many of these healthcare organizations are identifying “preferred referral” lists of Home Health providers willing to partner on such efforts.⁷

¹Centers for Disease Control, <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5206a2.htm>

²Dana E. King, MD, MS; Eric Matheson, MD, MS; Svetlana Chirina, MPH; Anoop Shankar, MD, PhD, MPH; Jordan Broman-Fulks, The Status of Baby Boomers' Health in the United States, *JAMA Intern Med.* 2013;173(5):385-386. doi:10.1001/jamainternmed.2013.2006.

³AAPR, Aging in Place: A State Survey of Livability Policies and Practices (2011), <http://assets.aarp.org/rgcenter/ppi/liv-com/ib190.pdf>

⁴Soneto, Growth in the Home Care Industry, <http://sonetosoftware.com/growth-in-the-home-care-industry/>

⁵Bureau of Labor Statistics, Employment Projections – 2014-24, <http://www.bls.gov/news.release/pdf/ecopro.pdf>

⁶GA Cuckler and AM Sisko, “National Health Expenditure Projections, 2012–22: Slow Growth until Coverage Expands and Economy Improves,” *Health Affairs* 32 (2013). <http://content.healthaffairs.org/content/32/10/1820.abstract>

⁷Health Leaders Media, Hospitals Mull Home Care Strategies as Market Heats Up, March 21, 2016, <http://www.healthleadersmedia.com/finance/hospitals-mull-home-care-strategies-market-heats>

With an overall goal of meeting the demands of healthcare reform and concomitant regulatory and payment requirements, these providers reportedly are looking at Home Health as a cost-effective means of achieving a wide variety of objectives. They include reduced admissions, readmissions and emergency room visits, as well as costs of care; improved chronic disease care management; and focus on concepts such as patient-centered care, population health management, personal choice and effective transitions for coordinated care.

Although only 9 percent of the traditional (i.e., non-managed care) Medicare population receives home health care services, the health care spending for these individuals accounts for 38 percent of traditional Medicare spending. This is another reflection of their high degree of impairment and need.⁸

REIMBURSEMENT CHANGES AND REGULATORY COMPLEXITIES

As part of a heavily regulated industry and subject to the mandates of the Affordable Care Act, public Home Health agencies must keep up, and comply, with state and federal requirements and maintain viability in the midst of change. All Home Health providers must also deal with the uncertainties associated with reform, such as where they will fit in new delivery models. Other issues include:

A Shift Toward Value-Based Payments

In 2016, the Centers for Medicare & Medicaid Services (CMS) implemented a Home Health Value-Based Purchasing (HHVBP) model for Home Health agencies in nine states representing each geographic area in the nation. Its purpose is to test whether incentives for better quality care and preventive measures can improve outcomes in the delivery of Home Health services. As a result, all Medicare-certified agencies that provide services in Massachusetts, Maryland, North Carolina, Florida, Washington, Arizona, Iowa, Nebraska and Tennessee will compete on value in the HHVBP model, where payment is tied to quality performance.

Beginning in 2018, these agencies' reimbursement rates will include a graduated payment modification based on their total quality score of up to a 3-percent increase or decrease in their Medicare prospective reimbursement payments. The maximum adjustment will increase or decrease up to 8 percent by 2022.

The program will initially look at 24 Home Health quality measures collected by CMS through claims submissions, the Outcome and Assessment Information Set (OASIS) patient assessment tool, the Home Health Care Consumer Assessment of Healthcare Providers and Systems patient satisfaction tool and self-reported data.

For those Home Health agencies now part of, and those who may yet be included in, the program, this could have a profound impact on margins – especially as this initiative comes on top of ongoing cuts in Medicare payments in this healthcare sector.

Medicare's payment system [currently] rewards providers that have maximized revenues by calibrating service delivery closely to the specific payment incentives in the FFS [fee-for-service] program, exercising careful control over the number of visits provided during an episode of care; focusing on therapy services over home health aide visits; reducing costs; and coding for severity and complexity of patients seen.⁹

Bundled Payments

Home Health also falls under the CMS Bundled Payments for Care Improvement initiative (BPCI), in which the CMS Innovation Center is testing various payment and delivery models. The BPCI Program is comprised of four broadly defined models of care, which link payments for the multiple services beneficiaries receive during an episode of care. Under the initiative, organizations enter into payment arrangements that include financial and performance accountability for episodes of care. Traditionally, providers receive separate payments for each individual service delivered during the continuum of care for a single illness or course of treatment. Over the course of the program, CMS will work with participating organizations to assess whether the models being tested result in improved, coordinated patient care and lower costs to Medicare.¹⁰

⁸Kaiser Family Foundation, TRENDS IN POPULATION HEALTH, The Future of Home Health Care: Workshop Summary. Home Health Care Under Medicare and Medicaid, published by the National Academy of Sciences, 2015 Aug 4, <http://www.ncbi.nlm.nih.gov/books/NBK315921/>

⁹Deloitte, Home health care: New opportunities and challenges for care provided inside the home, 2014.

¹⁰Centers for Medicare & Medicaid Services, Bundled Payments for Care Improvement (BPCI) Initiative: General Information, <https://innovation.cms.gov/initiatives/bundled-payments/>

Errors, Fraud and Abuse

Home Health is the subject of ongoing scrutiny by the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services as an area deemed vulnerable to fraud and abuse.

It is apparent how Home Health came into the crosshairs for federal investigation, as it looms large in the healthcare fraud picture. This became abundantly clear in a June 2016 Department of Justice nationwide “takedown” of 301 people said to account for fraudulent billings of \$900 million¹¹. An estimated 50 percent of those cases were involved some sort of Home Health services.¹²

As the government continues to protect assaults on the dwindling Medicare Trust Fund, there is no doubt that this scrutiny will continue and even those making unintentional errors could be affected.

“Recent investigations and Office of Inspector General (OIG) studies have found that home health services are vulnerable to fraud, waste, and abuse. The Federal government is stepping up its enforcement efforts in this area.”

*Department of Health and Human Services
Office of OIG Alert dated June 22, 2016*

Staffing Issues

Wages for home aides is on the rise as they now are covered by U.S. federal minimum wage laws and overtime protections¹³. This reportedly has led state agencies to cut hours and reschedule employees to avoid paying travel costs and overtime, hindering their service delivery¹⁴. On the other hand, a higher wage could solve another problem for Home Health facilities and agencies – finding and retaining home care staff.

Commonality

All these recent mandates and conditions for payment add up to an industry that has to maximize its resources, doing as much as it can with what it has. At the heart of this pursuit is appropriate reimbursement, both in terms of merited recompense and legitimate charges, as well as achievement of monetary incentives. In other words, it requires effective Revenue Cycle Management.

HOME HEALTH REVENUE CYCLE MANAGEMENT

The Healthcare Financial Management Association defines revenue cycle as: “All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue.”

A strong RCM process can reduce denial rates and DSOs, improving cash flow with accurate reimbursement and incentive payments.

The home health care industry’s financial condition looks especially precarious . . . with some 40 percent of home health care providers expected to be in debt in just a few years.¹⁵

Of particular concern in the Home Health industry is inadequate documentation and improper coding.

In 2016, as part of its ongoing scrutiny of Home Health for fraud and abuse, the OIG reported that the rate of improper coding in this healthcare sector continues to increase, up from 51 percent in 2014 to nearly 59 percent in 2015. The primary reason was listed as lack of documentation for medical necessity.

¹¹U.S. Department of Justice, Press Release: National Health Care Fraud Takedown Results in Charges against 301 Individuals for Approximately \$900 Million in False Billing, June 22, 2016, <https://www.justice.gov/opa/pr/national-health-care-fraud-takedown-results-charges-against-301-individuals-approximately-900>

¹²CBS News, DOJ touts \$900M Medicare fraud takedown, the largest ever, June 22, 2016, <http://www.cbsnews.com/news/ag-lynch-doj-largest-medicare-fraud-takedown-2016/>

¹³U.S. Department of Labor, Minimum Wage, Overtime Protections Extended to Direct Care Workers by US Labor Department, (2013) Release No:13-1922-NAT. <http://www.dol.gov/opa/media/press/whd/WHD20131922.htm>

¹⁴Home Health Care news, Overtime Rule Worsens Caregiver Shortages in Minnesota, May 17, 2016, <http://homehealthcarenews.com/2016/05/overtime-rule-worsens-caregiver-shortages-in-minnesota/>

¹⁵Kaiser Family Foundation, TRENDS IN PUBLIC POLICY, The Future of Home Health Care: Workshop Summary. Home Health Care Under Medicare and Medicaid, published by the National Academy of Sciences, 2015 Aug 4, <http://www.ncbi.nlm.nih.gov/books/NBK315921/>

The OIG went on to report that improper payment rates for Home Health claims increased 7.57 percent in fiscal year 2015 over the prior year. That said, the report noted that increased documentation requirements for proving the necessity of Home Health services could be a factor in the increase.

Whatever the cause, the issue of incorrect and improper documentation and coding must be addressed not only for the financial health of the agency or organization but also the potential impact on the care they provide. The straightest path is through staff training.

Home health care can bring diagnostics, treatment and prevention to the patient, rather than passively waiting for the patient to enter a doctor's office or clinic, which is important to improving population health.¹⁶

WHAT TO LOOK FOR IN REVENUE CYCLE TRAINING

There are many training vendors and many types of training. Thus it makes sense to choose an organization that offers the full range of training – coding, clinical and administrative – for both consistency and cost-effectiveness. Online access to training often is the best course of action, enabling anytime, anywhere education that allows users to learn at their own pace.

Coding and documentation education should include targeted curriculum that educates nursing and administrative staff on the information that must be documented for accurate and compliant diagnosis coding on the Home Health claim form, OASIS form and the care plan; and for performance improvement and quality reporting.

This coursework should not be generic healthcare instruction; rather it should address the complexities of Home Health and the specific needs of consumers with scenarios and examples applicable to that delivery model. The focus should be on key coding and documentation concerns noted by the OIG. In this context, detailed training on the guidelines, conventions and sequencing instructions for coding Home Health diagnoses in ICD-10-CM is critical to meeting today's rigid requirements.

Additional features could include pre-approved Continuing Education credits, ongoing educational events, such as webinars, and reporting updates to complement training and keep staff current.

CONCLUSION

Home Health today is a highly dynamic environment roiled by growing need, market changes, regulatory challenges and intense scrutiny. As a result, it is essential that Home Health entities create and maintain an effective and efficient RCM process that includes quality documentation and coding. The time to do this is now, as those who reach the finish line first most likely will remain a step ahead.

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¹⁶AMN Healthcare news, Home Healthcare: Fastest-Growing Industry Faces Workforce Challenges, <http://www.amnhealthcare.com/home-health-industry-growth/>