



# THE CASE FOR CARE IN THE HOME

## MAKING LIVES BETTER IN THE BEST, MOST AFFORDABLE WAY

Nine years of net rate cuts for home health has resulted in providers now receiving 86 cents on the dollar compared with nine years ago. This disheartening trend clearly highlights the importance for making the fact-based case for why more, rather than less, support for care in the home is needed (including care that is not covered by Medicare or Medicaid). While existing research does confirm what is widely-known to be true about the value of care in the home, its scope is limited. To help policymakers and the general public truly appreciate the benefits of this aspect of the care continuum, more credible, coordinated research is needed.

Millions of uncomfortable conversations take place each year when families tell loved ones they will be treated outside their home. Hospitals, nursing homes and assisted living facilities all play an important role in the care continuum, but this paper uses some of the available data to confirm home is the place to be – and that it is time to address challenges to care in the home and find more effective policies to elevate home as the preferred option for care.

## OVERVIEW

Care in the home is the most preferred, comfortable and economical way for people to receive quality care to heal and/or maintain healthy, active lifestyles in the most familiar environment.

Individuals with acute or chronic needs may receive skilled nursing care and therapy, those with terminal illness can receive hospice and palliative care, while others may benefit from help with basic activities of daily living, such as bathing, dressing, grooming, meal preparation and other assistance. Each type of service is delivered by a specialized team addressing personalized care. Some in-home care services are covered by a third party, while other services must be paid out-of-pocket, or with long-term care insurance policies or veteran's benefits.

### BENEFITS OF CARE IN THE HOME

Care in the home – most often provided for elderly and frail persons, but which also includes pediatric support for medically fragile children – is generally covered by Medicare, Medicaid or private insurance at a fraction of the cost of care provided in hospitals, skilled nursing facilities or

assisted living. Additionally, some people pay for help out-of-pocket. Without home assistance, these children/adolescents, the elderly and frail would have to reside in a staffed facility.

The home is the most convenient, comfortable and safe environment for patients - and it is where they prefer to be treated. Home care enables them to heal and live independently in familiar surroundings with the support of family and friends. The companionship and mental stimulation nurtured through regular interactions with caregivers is invaluable.

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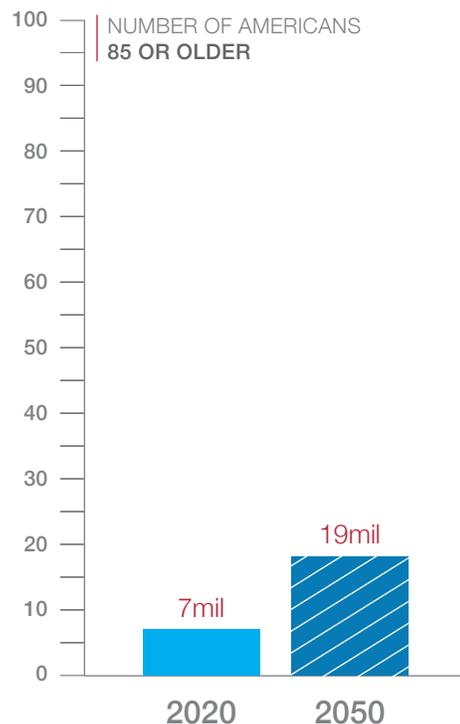
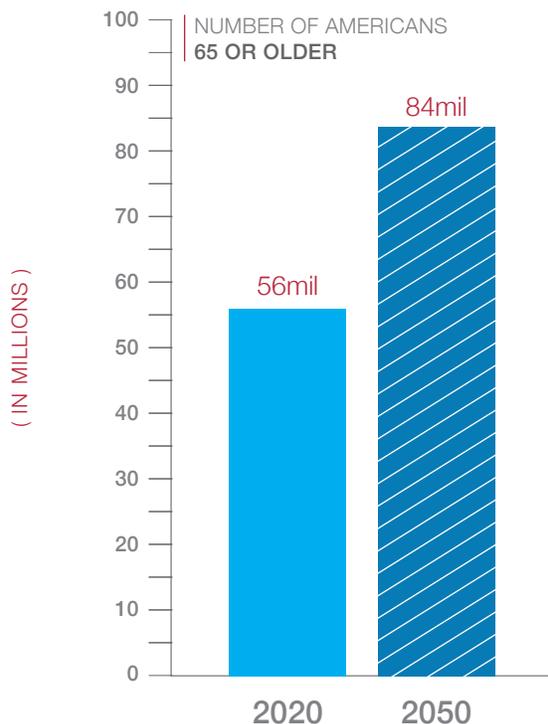
“Care in the home is the way of the future for American healthcare. Patients overwhelmingly prefer it for its comfort, convenience and cost.”

- John Olajide  
Founder and CEO, Axxess

## BOOMING NEED: AN AGING POPULATION WILL NEED SUPPORT

While care in the home has for several decades been recognized as a valuable option compared with other healthcare alternatives, current demographic trends point to an important reality: as the baby boomer generation continues to age, healthcare needs will continue to expand. The number of Americans 65 years and older will increase from 56 million in 2020 to 84 million by 2050. Most significantly, during that time Americans over the age of 85 – those who will have the greatest needs and require the most regular attention – will almost triple from 7 million to 19 million.<sup>1</sup>

At the same time, support from family members is more challenging. In 2016, there were an average of seven potential family caregivers for every person over 80, but by 2030 that will decrease to four potential caregivers for each individual over 80. At the same time, the average distance between adults over 60 and their nearest child is increasing, with a current average of 280 miles, or a four- to five-hour car drive away.<sup>2</sup>



## CARE IN THE HOME PLAYS A CRITICAL ROLE IN MAKING LIVES BETTER: FOUR KEY BENEFITS



THE INCREASING IMPORTANCE OF CARE IN THE HOME IS DUE TO MANY FACTORS, BUT THEY ARE BEST HIGHLIGHTED BY FOUR PRIMARY BENEFITS

### CARE IN THE HOME

- 1 Enhances the care continuum;
- 2 Often produces more satisfying outcomes;
- 3 Is overwhelmingly preferred by patients; and
- 4 Is the most cost effective form of care.

“Careful use of appropriate home care services can prevent unnecessary re-hospitalizations, emergency department visits and poorer than expected health outcomes.” - American Medical Association

## BENEFIT ONE: ENHANCING THE CARE CONTINUUM

One of the most challenging issues is addressing gaps in care to provide optimal health and well-being for all patients. Until recently, children and family members most often stepped in and provided daily support when help for aging loved ones was needed. Over the last 50 years, there has come a new reality that has altered expectations. While families of five or more children were not uncommon in America through the mid-20th century, families with only one or two children have become the norm – and smaller families mean fewer siblings to share the burden.<sup>3</sup>

Just as America's baby boomers are reaching retirement age the population of potential children and family members available to be dedicated caregivers is declining. Our increasingly mobile lifestyle and far-flung economic opportunities have dispersed people further away from their native communities and created significant care gaps for this aging generation.

Fortunately, today's home-based care teams are joining families and to help close care gaps in practical ways.

Core aspects of care in the home that address needs once overseen by family members include the following guiding principles:<sup>4</sup>

- Team-based decision-making, transitional care and ongoing care coordination;
- Medical and social services tailored to individual patient needs such as chronic conditions, wellness and safety, help around the home, daily activities and companionship;
- Empowering patients to better manage their own health care and health behaviors; and
- Following health status over time.

Skilled home-based care providers build strong, trusting relationships with patients and families, enabling the patient and key stakeholders to be active participants.

These teams play an invaluable emotional role for their clients not only as caregivers but also as companions and friends.

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“We visit homes to provide skilled clinical care and overall health and personal management for our clients, but the companionship and friendly conversations that we share are by far the most valued aspects of any visit.”

- Jordan Ciamataro, R.N.

## BENEFIT TWO: BETTER HEALTH OUTCOMES

Even as care in the home enhances the patient experience, evidence also suggests that care in the home can help many patients achieve optimal health outcomes.<sup>5</sup>

While American health care reform standards are evolving, one relative certainty is that reimbursements based on value and defined outcomes will ultimately replace fee-for-service payment models. This changing standard for government-funded payments provides an opportunity to differentiate the value of care in the home, which often provides better health outcomes for a fragile population. Data continue to show that in-home care services like physical therapy, medication management, nutritious meal preparation, fall prevention and helping seniors maintain good personal hygiene are adding to improved outcomes.

For example, in the first year of the Centers for Medicare and Medicaid Services Independence at Home Demonstration Project, the beneficiaries of the program saw fewer hospital readmissions within 30 days, had their medications identified by their provider within 48 hours of discharge from the hospital, and used inpatient hospital and emergency department services less for conditions like diabetes, high blood pressure, asthma and pneumonia.<sup>6</sup>

All 15 participating practices from the second Independence at Home

performance year also improved quality in at least two of the six quality measures, compared to the prior year. Four of the participants met the performance measures for all six quality measures.<sup>6</sup> Project participants included a range of home-based providers from Cleveland Clinic, Boston Medical Center and Long Island Jewish Health System to Household Providers, Inc. and VPA Dallas, among many others.

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“The Independence at Home Demonstration results continue to support what most patients already want – the ability to have high quality care in the home setting.”

- **Dr. Patrick Conway**, CMS Chief Medical Officer and Acting Deputy Administrator<sup>7</sup>

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### Reducing Hospital and Doctor Visits

Improved patient outcomes are being seen elsewhere as well. In one study, seniors with Alzheimer’s disease or another form of dementia receiving paid home care had notably lower rates of in-patient hospital admissions – 58 percent vs. 66 percent without home care.<sup>8</sup>

Another study found that seniors using paid in-home care reported 25 percent fewer doctor visits each year than older adults who did not have such care.<sup>9</sup>

# BENEFIT THREE: PATIENTS PREFER TO BE IN THEIR HOME

The magical saying repeated by Dorothy in *The Wizard of Oz* perfectly captures the attitude of most patients: “There’s no place like home.” A study released by the AARP Public Policy Institute revealed that nine out of 10 Americans 65 and older want to stay at home for as long as possible, and 80 percent think their current home is where they will always live.<sup>10</sup>

Kristy Wright, chief executive officer of the Visiting Nurses Association, Western Pennsylvania, says, “Home is the preferred [care] setting simply because it is where patients are the most comfortable.” According to Wright, there are fewer patient incidents and safety issues in the home than in most settings, noting “It has a lot to do with the patient being in control.”<sup>5</sup>



“Home is much more of a robust concept today. Home is truly where [patients] feel they belong.”

- **Bill Dombi**, President and CEO, National Association for Home Care and Hospice

“Home is where you’re most comfortable. It’s where everything is known to you. To be at the hospital, you’re out of your element, you don’t know what’s going to happen next, people wake you up in the middle of the night to treat you. When patients are at home, they’re in control. **So care in the home is freedom.** Freedom to take care of themselves, to have that dignity, to be surrounded by everything they care about. And that just helps them be as healthy as they can be, and as comfortable and happy as they can be.”

- **Sara Ratliffe**, Executive Director, Illinois Home Care and Hospice Council

## BENEFIT FOUR: COST-EFFECTIVE CARE

As the health care industry moves from a fee-for-service model to a reimbursement system focused on value-based payment models, home-based health services also demonstrate their value by reining in costs.

In fact, the biggest savings in home health and home care comes from avoiding expenses as part of other forms of care. These costs can include an ambulance ride to the emergency room, emergency room treatment, inpatient admission, inpatient treatment or procedure, post-acute care or rehabilitation, and possible readmission.<sup>12</sup>

### Preventing Unnecessary Hospital Admissions and Readmissions

The financial impact of unnecessary hospital admission and readmission costs affects patients, but it is also an ongoing challenge for the healthcare industry. The Agency for Healthcare Research and Quality (AHRQ) and Healthcare Cost and Utilization Project (HCUP) in 2011 reported that one in five Medicare beneficiaries are readmitted to hospitals within 30 days of discharge. HCUP further estimated that 30-day adult hospital readmissions were associated with about \$41.3 billion in hospital costs.<sup>13</sup>

Evidence that care in the home is working to help mitigate these unsustainable hospital costs comes from encouraging results of CMS's Independence at Home Demonstration mentioned earlier in the Better Outcomes section (see page 6).

While the demonstration project involved only 15 provider organizations and 11,000 beneficiaries, these pilot organizations represent a broad range of home care providers. In the demonstration, the group reported savings of more than \$10 million in just the second year of the project. These savings were achieved largely because they avoided costs by reducing expensive inpatient hospitalizations.<sup>12</sup>

When factoring in the average cost of one hospital readmission is approximately \$11,200, the impact of home health and home care in reducing costs by helping reduce hospital readmissions is irrefutable.<sup>14</sup>

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“Home care is the lynchpin in keeping people out of much more expensive hospitalizations.”

- **Al Cardillo**, Executive Vice President, Home Care Association, New York State<sup>5</sup>

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## ESTIMATED COST PER DAY

CARE SETTING	HOSPITAL	LONGTERM CARE FACILITY	IMPATIENT REHAB	SKILLED NURSING FACILITY	HOSPICE	HOME HEALTH
ESTIMATED COST PER DAY	\$1,853	\$1,450	\$1,304	\$400	\$130	\$48



The chart above shows the estimated cost for one day of care in a variety of care settings. While the exact amounts are debated by various research organizations, one thing is obvious: care in a hospital is significantly higher than in the home.<sup>15</sup>

### Care in the Home Provides More Job Opportunities

Beyond the benefits to patients, skilled and personal care in the home is one of the country’s fastest-growing occupational sectors. Economists from the U.S. Department of Labor expect about one million more home health providers will be added from 2014 to 2024. Further, the Bureau of Labor Statistics puts personal care and home health aides at the top of its list of the 30 occupations projected to grow most rapidly over the next several years.<sup>16</sup>

For example, a study by the Centers for Disease Control of long-term care providers showed that in 2014 more than 1.5 million nursing employees were working as part of in-home care. This range of caregivers included registered nurses, licensed practical nurses, licensed vocational nurses and nursing aides, alongside more than 35,000 social workers.<sup>17</sup>

Writing in the Cato Institute’s online forum, Philip Auerswald, author of *The Code Economy*, noted the national objectives of “bending the cost curve” in health care and “increasing opportunity in the workforce” are intersecting forces – particularly among young people, who have a comparative advantage in the use of technology, and among a growing number of workers over age 60, who have a comparative advantage in the care of generational peers.<sup>18</sup>





### Technology Supports Home Care

With rapidly emerging access to complete cloud-based, user-friendly home health and home care software for tablets, phones and laptops, caregivers can relay accurate real-time information and implement changes in care plans quickly, thereby addressing some of the health issues that can lead to potential hospitalization or re-hospitalization.

Technological innovations in medical devices now allow caregivers to further assist physicians' assessments by performing more diagnostic and procedural activities in the home. Examples include wound care, telemedicine, remote monitoring, laboratory work, pulse oximeters, remote EKGs and even chest X-rays. These diagnostic tests or medical interventions not only make it possible for people to be treated in the place they most prefer, but are less costly to the patient and insurer than when they are performed in the doctor's office, hospital or other care facilities.

### Conclusion: More Research and Communication Needed

As healthcare costs continue to rise, care in the home has shown itself to be the most preferred, affordable, comfortable, convenient and safe option, and it allows healing and independent living in familiar surroundings. With demographic trends showing millions more in need of increased care in the decades to come, care in the home is the obvious choice for those looking to make lives better.

But government policies need to demonstrate an appreciation for what this aspect of the care continuum provides. The nine straight years of net rate cuts for home health and providers of home health now receiving 86 cents on the dollar compared with nine years ago is ample evidence that the industry must do a better job of making the case for the value of care in the home. More credible, coordinated research is needed, as is more coordinated communication to amplify our messages with policymakers and the general public. Axxess will spread the word about the value of care in the home, and we look forward to partnering with the rest of the industry to make sure we are heard.

## END NOTES

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### ABOUT AXCESS

Axxess is the fastest growing home health and home care technology company, improving care for more than 2 million patients in North America and trusted by more than 7,000 organizations growing their business. With an easy-to-use, complete suite of innovative cloud-based software and services for health records, scheduling, patient engagement, revenue cycle management and so much more, Axxess empowers healthcare providers with solutions to focus on patient care. Fostering a collaborative culture to exceed client expectations, Axxess is recognized nationally as a "Best Place To Work," while investing every day in growing the healthcare industry and communities around the country to address unmet needs and make lives better.