



2020 INDUSTRY TRENDS REPORT

— NAVIGATING THE FUTURE OF CARE IN THE HOME —





Industry Trends Survey Confirms PDGM and Staffing Seen As Significant Challenges in 2020

A joint survey conducted by home healthcare technology leader Axxess and home healthcare consulting firm BKD of thousands of home-based care providers from agencies of all sizes in late 2019 confirmed that most agencies are at least somewhat concerned about the impact of PDGM, but there is more confidence among larger agencies that they will manage the change effectively.

The survey, conducted over several weeks, confirmed that PDGM will be a primary focus for agencies of all sizes in 2020, and that they consider technology's primary benefit to be helping them remain compliant with regulations and streamlining documentation of care. Those surveyed were asked the types of care their organizations provided.

Among survey respondents

- ▶ 79 percent of organizations provide home health
- ▶ 38 percent are engaged in private duty/home care
- ▶ 21 provide hospice care.

Respondents included 43 percent at the executive level (20 percent were C-suite representatives), 42 percent engaged in daily management and administrative functions, and 15 percent work as caregivers with direct patient/client engagement.

Based on the findings, Axxess and BKD have offered numerous best practices at the end of this report to help agencies thrive in 2020 and the years ahead.





EXECUTIVE SUMMARY

The potential impact of PDGM has led to significant uncertainty among home-based care providers and adapting to the new payment model and other regulatory changes is considered the greatest challenge for the industry in 2020. Staffing continues to be a major challenge throughout the industry as well.

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The survey, which included respondents from all levels of organizations, including management and caregivers directly working with patients and clients, revealed that most in the industry see the impact of PDGM continuing to be felt in the coming years, though larger agencies see risk-based population health management as also having a big impact on their organization.

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Home-based care agencies of all sizes tend to be most satisfied with the quality of care they provide and the overall satisfaction of their patients and clients, while areas of their business related to the bottom line, such as operations and marketing, are areas needing improvement.

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Maintaining relationships with referral sources is seen as among the best opportunities to growing business in the coming year.

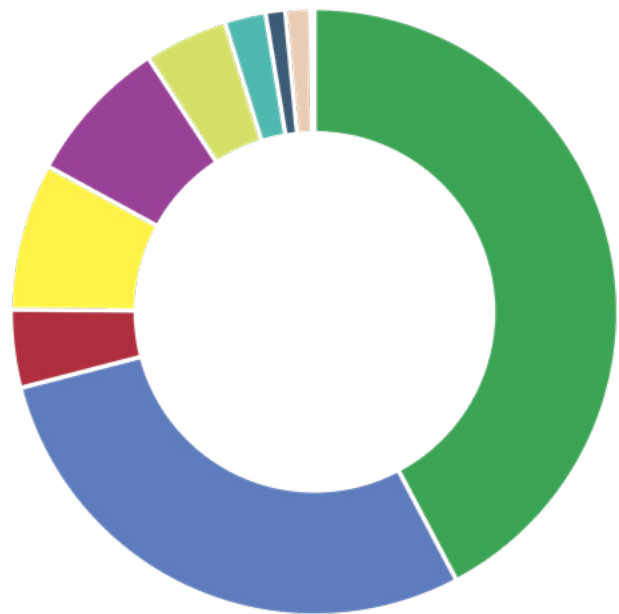
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Respondents from agencies of all sizes also expect that their agencies will primarily rely on established business practices within their organization to help grow their business in the years ahead, though a significant number see their organization diversifying into other service lines.

SURVEY QUESTIONS AND RESULTS

What do you consider the biggest challenge your organization is facing in 2020?

Adapting to regulatory changes (e.g. PDGM, RCD, etc.)	■	43%
Staffing	■	29%
Aligning skill sets with role requirements among the team	■	4%
Maintaining relationships with referral sources	■	8%
Managing costs	■	8%
Revenue cycle management	■	4%
Improving culture	■	2%
Acquisitions	■	1%
New service line offering/ revenue stream	■	1%
Telehealth	■	0.00%

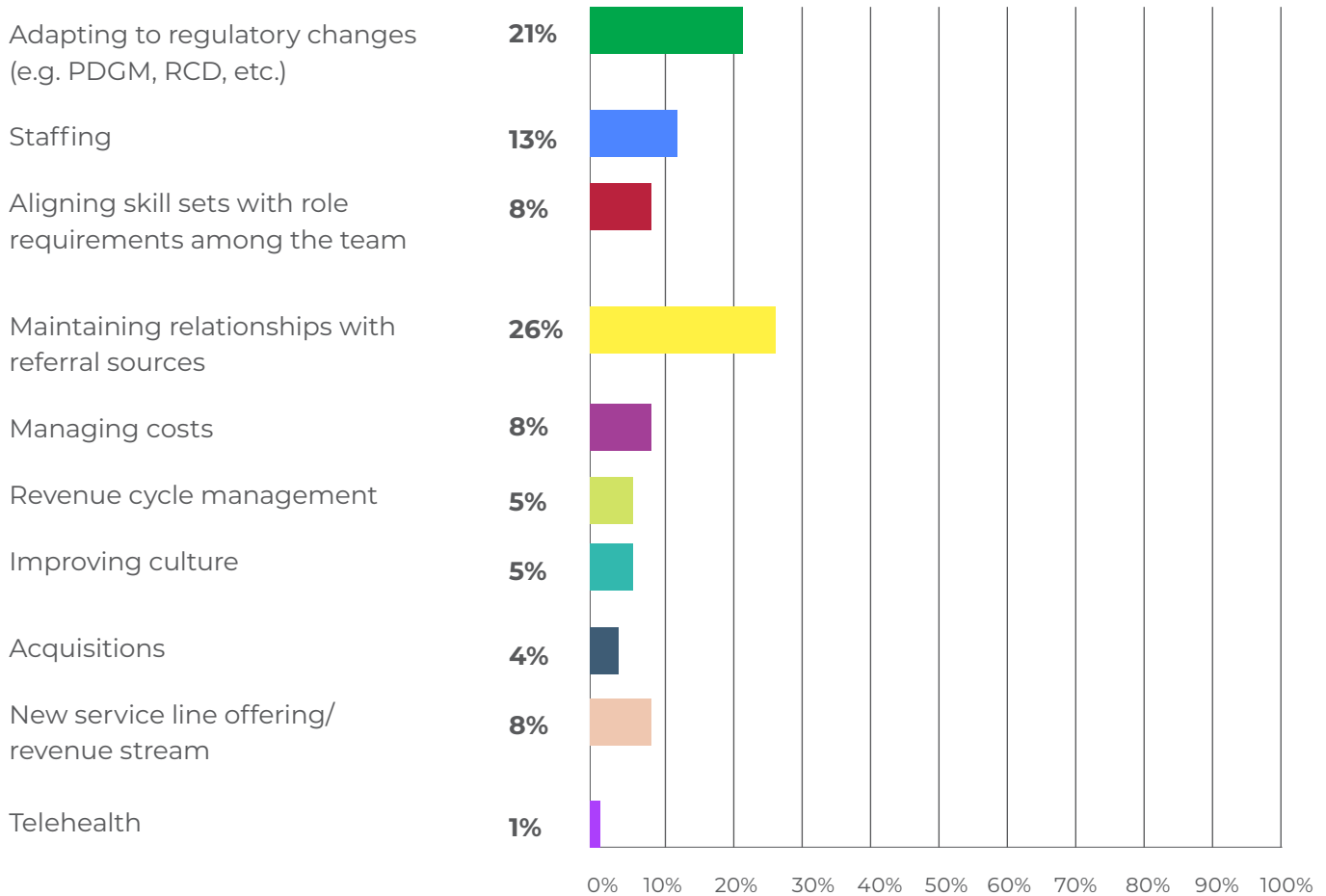


KEY INSIGHT

There were no significant differences in responses among larger organizations. Adapting to PDGM and other regulatory challenges is viewed as the primary challenge, while addressing staffing needs is very much a concern throughout the industry.



What do you consider to be the best opportunity for growing your business in 2020?

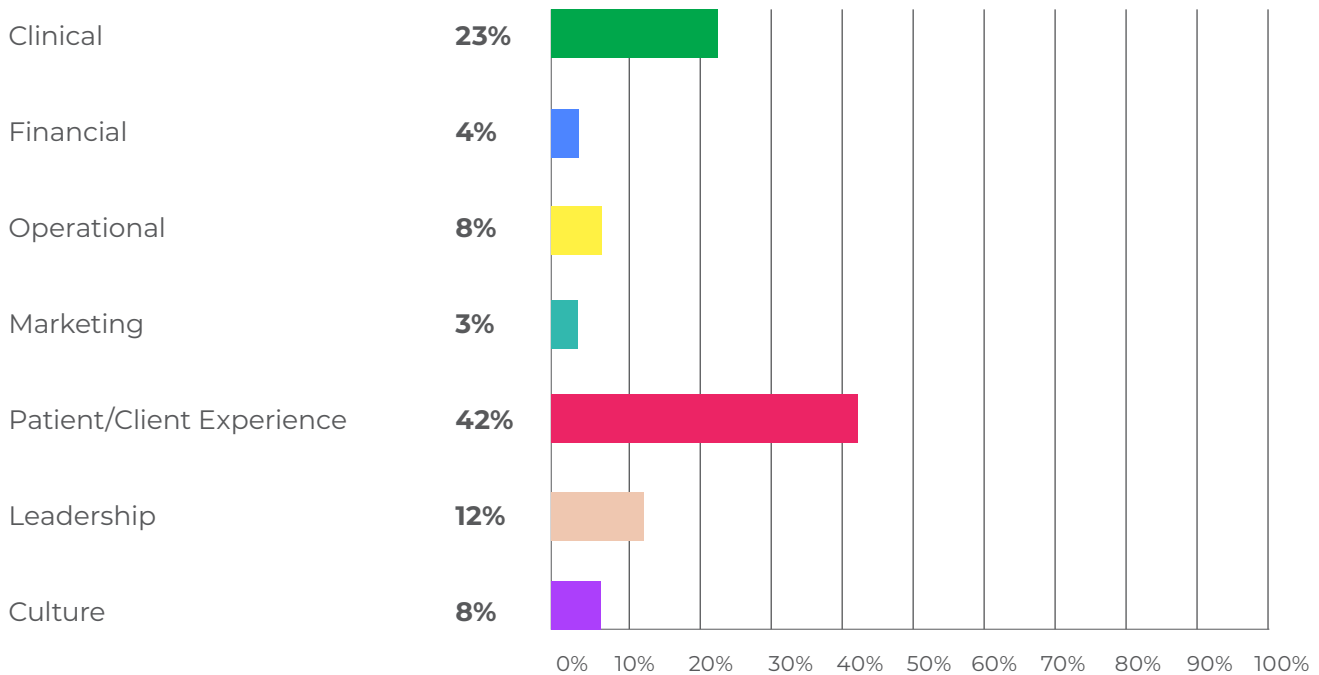


KEY INSIGHT

Maintaining relationships with referral sources is seen as a prime opportunity for growing business among all agencies. Adapting to regulatory changes is seen as an opportunity slightly more by the overall population of respondents than those at larger providers, while staffing, managing costs and aligning skill sets with roles were seen as priorities more equally among that group. Interestingly, while 43 percent of respondents see adapting to PDGM and other regulatory changes as the biggest challenge in the year ahead, 21 percent recognize that as being the biggest opportunity for growing business in the year ahead.

SURVEY QUESTIONS AND RESULTS

What area of your organization are you most satisfied with entering the new decade?

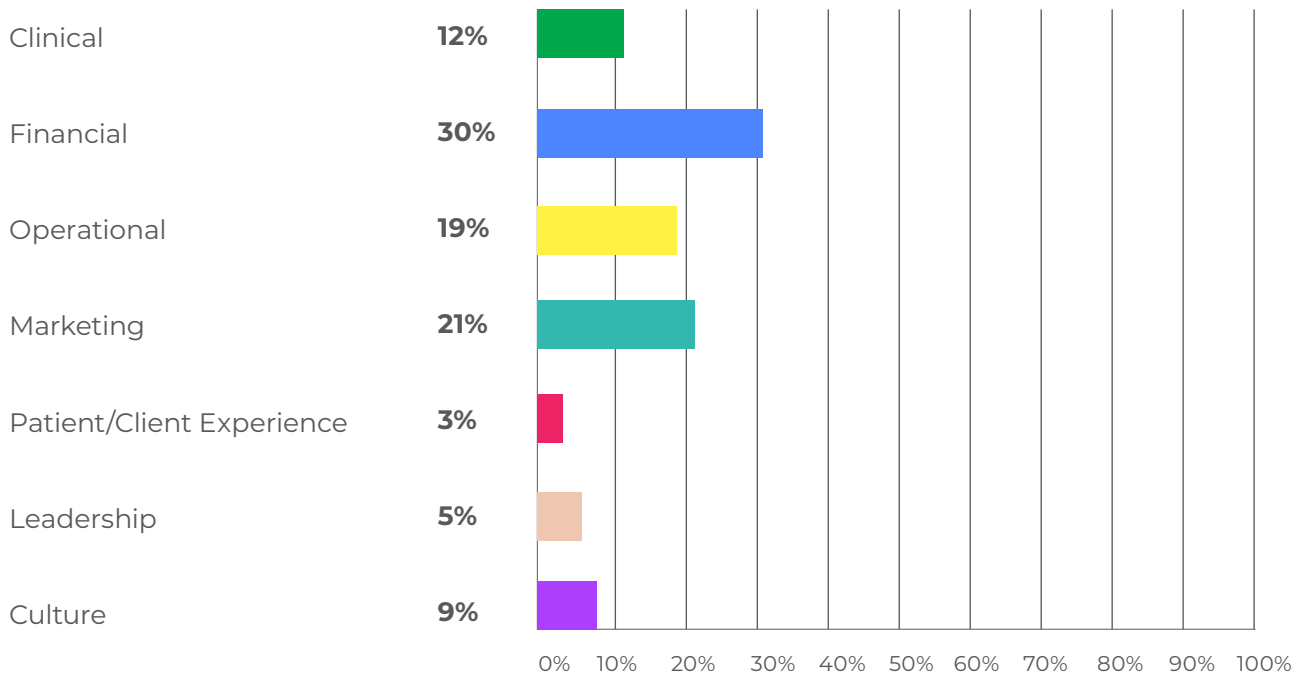


KEY INSIGHT

Patient/client experience and clinical operations are far and away the areas of activity within provider organizations of all sizes that they are most satisfied with. Leadership also is recognized among strengths in the organizations, while more than 15 percent of respondents at larger organizations also cited satisfaction with their culture, almost double the amount of those citing culture among the entire respondent population.



What areas of your organization are you least satisfied with entering the new decade?

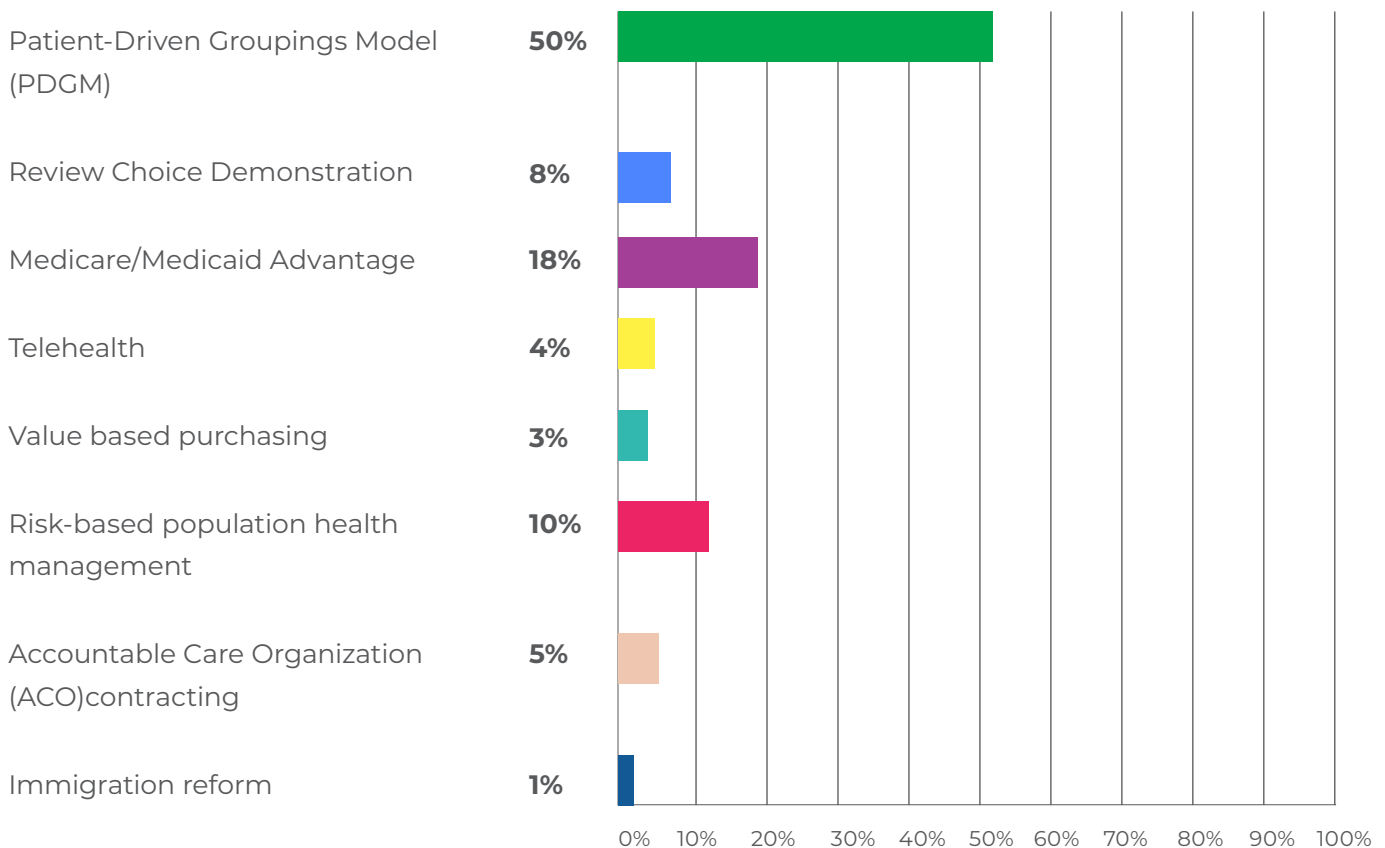


KEY INSIGHT

Areas impacting the bottom line, including financial, marketing and operational, are of concern for agencies of all sizes. Not surprisingly, given the satisfaction with patient/client experience and the clinical area of the organization indicated in the previous question, these seem to be of least concern. Interestingly, while only 5 percent of respondents overall indicated dissatisfaction with leadership, among respondents from larger organizations 19 percent cited leadership as the area they were least satisfied with.

SURVEY QUESTIONS AND RESULTS

Which of the following do you feel will have the biggest impact on your organization in the coming years?

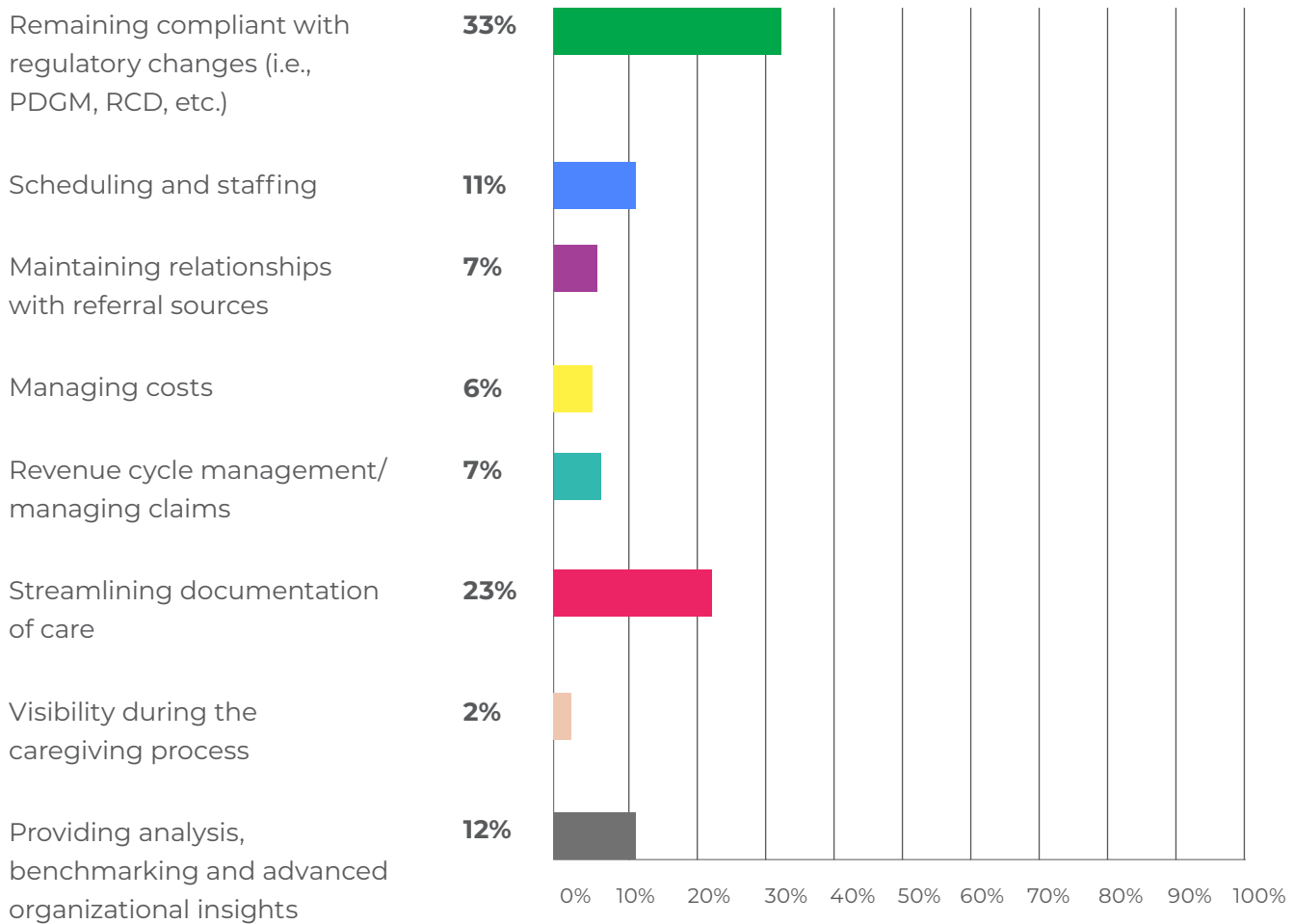


KEY INSIGHT

Fully half of all respondents indicated PDGM will have the biggest impact on their organization in the coming years, though only one-third of respondents from larger agencies felt that way. Risk-based population health management was cited by 20 percent of those from larger agencies (double that of respondents overall) while telehealth and Medicare and Medicaid Advantage were each cited by 12 percent from that group.



What do you consider the single best use of technology to help grow your business in 2020 and beyond?



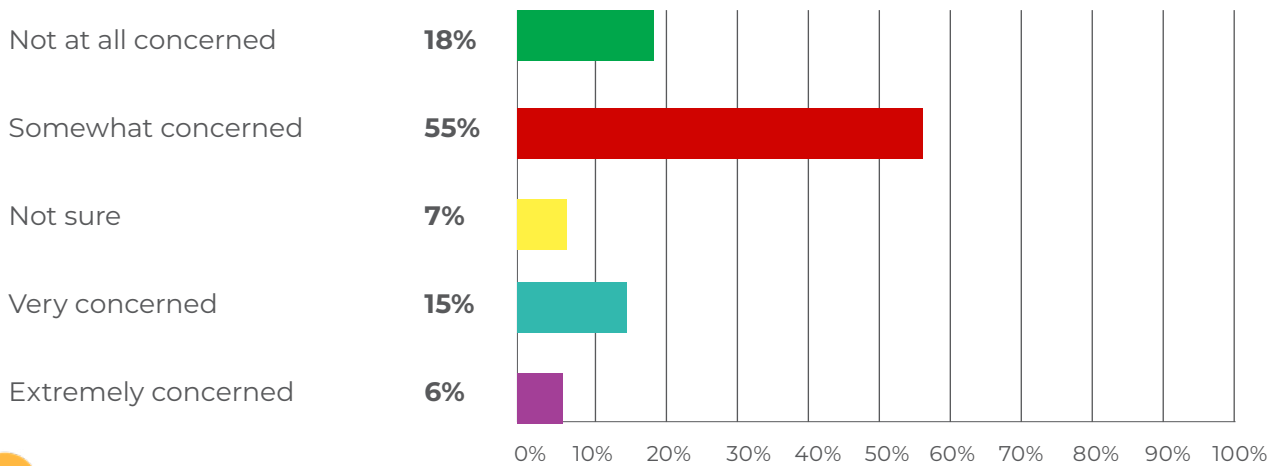
KEY INSIGHT

There was no significant difference in responses between respondents overall and those from larger providers. The best use of the technology for providers is in helping them remain compliant with regulatory changes and streamlining the documentation of care. Not surprisingly, among larger agencies 23 percent of respondents also recognized the value of technology in helping with providing analysis, benchmarking and advanced organizational insights.

SURVEY QUESTIONS AND RESULTS



Are you concerned about your organization's viability in 2020?

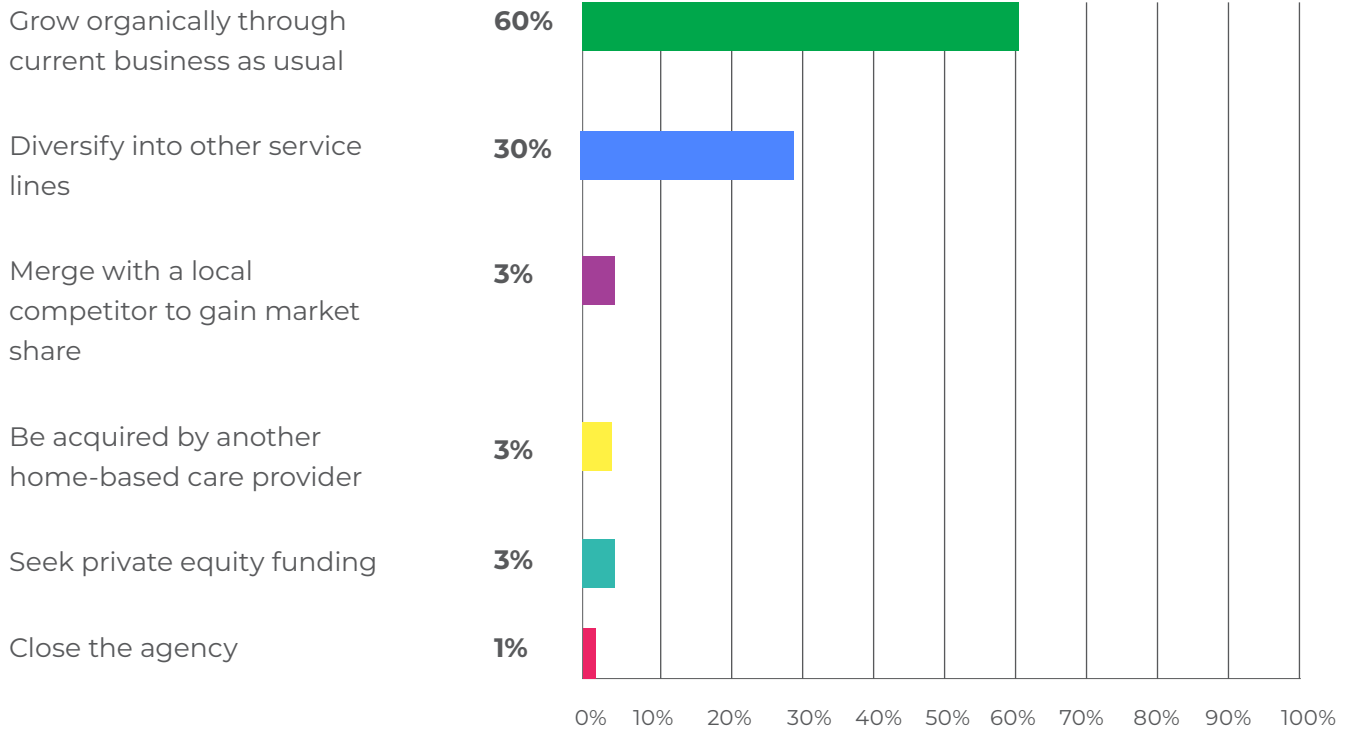


KEY INSIGHT

Perhaps understandably given the lead up to the implementation of PDGM, more than half of respondents indicated they are at least somewhat concerned about their organization's viability in 2020. One-fifth of overall respondents are not at all concerned about their organization's viability in the coming year, while only seven percent at larger agencies, perhaps because of their greater resources, indicated they are extremely concerned.



What best describes your organization's plans in the coming years?



KEY INSIGHT

More than 60 percent of overall respondents and two-thirds of those from larger agencies indicated they will likely grow organically through current business as usual in the years ahead. While another 30 percent overall saw their organizations as looking to diversify into other service lines, only half that percentage responded in the same manner from larger agencies (perhaps due to their already having multiple service lines). Nearly 12 percent of respondents from larger agencies indicated they could see their organization merging with a competitor in the coming years.



BEST PRACTICES TO CONSIDER

Based on the findings, Axxess and BKD have compiled some best practices to consider for 2020 and beyond.

- ▶ **Know your data.** It is important for agencies to have insights into key performance indicators (KPIs) such as PDGM-related payment elements, case-mix weight, Low Utilization Payment Adjustments (LUPAs), length-of-stay, and length of time to process RAPs and Finals, as well as cost-related KPIs such as visit totals per patient characteristic, cost per visit and other similar KPIs.
 - ▶ **Ensure OASIS accuracy.** Questions related to functional ability will impact PDGM reimbursement and should therefore be accurate in order to ensure the agency will receive correct reimbursement.
 - ▶ **Tighten all operations** to ensure that documentation accurately reflects the patient characteristics and is completed in a timely manner. This will impact an agency's ability to maintain cash flow through RAP and Final, as well as the ability to control missed visits and therefore prevent avoidable LUPAs. Clinical documentation must continue to stand alone visit-to-visit with emphasis on skilled need of interventions, patient characteristics and patient response to intervention.
 - ▶ **Ensure billing accuracy** for PDGM-related billing and payment elements by assessing each 30-day payment period. Develop processes to ensure changes to diagnoses and other key elements are documented and reflected accurately on claims for each 30-day payment period.
 - ▶ **Strengthen your referral** base by identifying opportunities to develop specialty programs or refocusing marketing strategies to deepen or diversify referral relationships.
 - ▶ **Communicate with referral sources** about the need for detailed patient information in order to ensure ICD-10 codes are specific and do not create a questionable encounter code.
 - ▶ **Use technology** more in all aspects of the business, including marketing, clinical, billing, financial, analytics and reporting.
 - ▶ **Re-evaluate your processes** and look for opportunities to make them more effective and less redundant; even automate, if possible. Create processes and systems to continuously evaluate how you operate.
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