

A Message To The CEO: How Would Your Home Health Agency Rate?

The five key elements for a successful agency.

By Jane Gorwin, RN, BSN, MAOM, COS-C

Is your home health agency profitable? Are you wondering if all opportunities are being maximized appropriately to enhance both your net profit (or contribution margin) and your value as an agency to help hospitals and health systems contain their costs and reduce readmissions? If so, then you need to know how well your home health agency staff achieves the following:

1. Reduces hospital admissions and/or emergent care visits
2. Meets national benchmark productivity standards
3. Facilitates accurate diagnosing and coding
4. Documents efficiently with point-of-care best practices
5. Creates clinical expertise with appropriate use of OASIS-C

Financial and Operational Metrics

Before we begin with the details involved in the above five elements, let's be clear that if you haven't already, your first action must be to set specific financial and operational benchmarks and metrics that are monitored consistently and concurrently. This process supports timely intervention when one or more metrics fall outside expected parameters.

Sample Financial Metrics

Work with your information systems (IS) department to develop key financial metrics to manage billing, such as those utilized by the Healthcare Financial Management Association (HFMA)¹, as follows:

- Elapsed days from start of care to request for advance payment (RAP): ≤7 days

¹ NAHC Web site, Healthcare Financial Management Association – HFMA

- Elapsed time from end of episode to final claim: ≤ 12 days
- Number of claims on hold: $\leq 3\%$
- Days sales outstanding (DSO): net 50 days
- Accounts receivable (AR) aging: 80% of AR ≤ 90 days

Sample Operational Metrics

Work with IS to capture key operational metrics, a sample of which includes:

- Average case mix weight
 - By agency branch and/or clinical team
 - By diagnosis
- Potentially avoidable events (PAE): hospitalizations; emergent care
 - By agency branch and/or clinical team
- Productivity (visit utilization efficiency): actual versus expected
 - By agency branch
 - By clinical team
 - By discipline (in aggregate)
- Hospital and emergency room admissions (especially within 30 days of hospital discharge)
 - By diagnosis (focus on CHF, AMI, COPD, and pneumonia, which currently are hospitals' primary focus)

Five Keys to Success

Now let's address those five key areas that you need to ensure your agency leadership is actively engaged in.

Reducing Hospital Admissions and/or Emergent Care Visits

Home health agencies have a unique opportunity to position themselves for potential P4P (pay-for-performance) future strategies while also reinforcing sound clinical practice that minimizes both hospital admissions/readmissions and emergent care visits by home health patients.

Also, those home health agencies that are thinking ahead, based on 2010 health care policy legislation, already understand the value of showing hospitals and health systems how the agency can help reduce their hospital/health system's readmission rates. This provides a strong marketing strategy while assisting the hospital in preparing for its role as an accountable care organization (ACO), as defined by the Centers for Medicare and Medicaid Services (CMS), which will be a reality in the not-too-distant future.

Meeting National Benchmark Productivity Standards

It is imperative that field staff productivity standards be established and monitored consistently, as this reflects cost effectiveness and efficient utilization of the resources at hand. An agency that can maintain an average of 4.5–5 visits per day by the RN, aide, and rehab clinician should

do well fiscally, assuming other overhead costs are maintained within industry norms.

Facilitating Accurate Diagnosing and Coding

As a CEO, you may not realize the importance for your clinician, along with the admitting physician, to identify accurate primary and secondary diagnoses for his/her patient's home health admission. The primary diagnosis should reflect the main reason the patient has been admitted to home health. The discipline and intensity of the service(s) to be provided should reflect this decision, i.e., does the care needed primarily require nursing intervention or rehab-based interventions?

The next step in this process is to have knowledgeable and professionally certified coders who know home health. These individuals are the experts as to the details, sequencing, and coding best practices based on the clinician's (with the physician's input) problem (diagnosis) identification.

The identified diagnoses within the Outcome and Assessment Information Set (OASIS) tool, along with the patient's plan of care, become the framework for clinical interventions, positive patient outcomes, and financial reimbursement for every 60 days worth of care provided under the Medicare benefit.

Documenting Efficiently With Point-of-Care Best Practices

Sixty-one percent of the 976 responding home health agencies (based on the time of survey) confirmed they have implemented an electronic point-of-care documentation system.²

If you are one of those home health agencies that has implemented your point-of-care documentation system, the next question for you to ask is "How well are my clinicians using this effective tool that allows for 'real-time' documentation?" Although industry benchmark numbers do not yet exist for the percentage of home health agencies that have truly integrated this tool into an in-the-home electronic documentation workflow process, anecdotal evidence reveals that the majority of agencies do **not** finish the process by mentoring their clinicians appropriately and then holding them accountable to this documentation best practice.

The end result is duplication of work from handwritten notes taken in the home to typed data entered into a laptop later in the day. This not only reduces efficiency, but leads to potential forgotten and lost information in the patient's legal record and decreases access to the most recent real-time patient information.

Creating Clinical Expertise with Appropriate Use of OASIS-C

The current version of OASIS-C, when fully used, has the potential to elevate a clinician's level of practice because of the patient assessment detail within the tool. The potential benefits include improved patient outcomes, and thus, improved *Home Health Compare* scores. This is due

² Executive Level Briefing published in 2007 by Fazzi, Ashe & Doak

in part to a more specific plan of care that helps to “connect the dots,” from the assessment to the required interventions that will best meet the patient’s particular needs, help the patient return to his/her previous level of functioning, and avoid re-hospitalizations in the process.

Summary

With the health care policy legislation passed earlier this year, we are just beginning to understand the multiple ways in which home health needs to interact within the larger health care environment. Home health has been identified as one of the four key providers within the legislation’s accountable care (ACO) definition, along with hospitals, primary care physicians, and skilled nursing facilities.

In order to best prepare for this new world of health care delivery, especially within the post-acute care continuum, every CEO needs to be diligent in analyzing how well their home health agency is meeting these five areas. How would you rate your home health agency?

About the Author

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Jane Gorwin specializes in strategy, business development, and operational analyses for home health, hospice, private duty agencies, and other related health care providers. Ms. Gorwin’s 26+ years in the health care field bring an in-depth knowledge of Medicare and other third-party reimbursement issues, as well as HIPAA, PPS, OASIS, OBQI-OBQM, and QAPI. All of these elements combine to promote optimal operating processes within sound fiscal environments.



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