5 CHANGES AFFECTING
HOME HEALTH AGENCIES
in 2021

Regulatory changes for home health agencies are nothing new, but in combination with several other challenges facing our industry, the impacts for 2021 may be even more significant than usual. With the elderly population growing and acute illness on the rise, the need and opportunity for in-home care that requires the skills of nurses and therapists are growing.

Simultaneously, the COVID-19 pandemic is impacting the increase in delivery of care through telehealth, and changing legislation affects how and what services are reimbursed by Medicare. In the face of this changing environment, providers are struggling to maintain competitive staffing, add new services and stay up to date with technology.

.01

SHIFTING POPULATION DEMOGRAPHICS

THE U.S. POPULATION IS AGING

Median age of the total population

28.4
1970[1]

38.3
TODAY

THE 65-AND-OLDER POPULATION

is projected to increase

FROM
56.1M
2020 (17%)

TO
73.1M
2030 (21%)[2]

Fueled by this aging population, the market for

HOME HEALTH SERVICES

is projected to increase

FROM
$103B
2020[3]

TO
$173B

A recent survey shows the acuity of patients served in the home is increasing. Seventy-three percent of home health agency leaders plan to expand or launch specialized care services in order to address patient needs and provide expanded in-home services.[4]

2026

.02

LEGISLATION

REQUESTS FOR ANTICIPATED PAYMENT

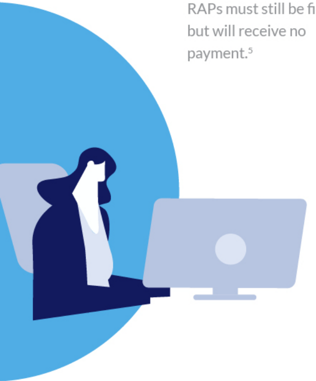
(RAPs)

UNTIL 2020 50/60%

2020 REDUCED TO 20%

2021 NO PAYMENT

RAPs must still be filed but will receive no payment.[5]



TELEHEALTH BENEFITS

Penalties will also be assessed starting in 2021 for late-filed RAPs.[5] This will create even greater challenges for agencies that are ill-prepared or whose software is not able to assist in meeting the new five-day requirement. Although this is expected to additionally impact Medicare Advantage (MA) payments, the impact or implementation by MA plans is largely unknown and must be handled as it happens.

2020[7]

INCREASE FROM JUST

58%

of plans offering telehealth benefits in 2020

2021[7]

MORE THAN

94%

MEDICARE ADVANTAGE PLANS

will offer additional telehealth benefits

.03

PDGM

In 2019, the Centers for Medicare & Medicaid Services (CMS) provided Agency Level Impacts data that included 2018 Medicare reimbursement as well as estimated Medicare payments under the Patient-Driven Grouping Model (PDGM).

MEDICARE REIMBURSEMENT

The range of estimated impact for agencies with 50 or more episodes per month.

Prior to PDGM's start (January 2020) CMS provided info on their estimate of agency by agency impact...this information revealed a crazy-wide

expected impact:

Worst-hit agencies expecting a

44.2%

REDUCTION

Best-positively impacted agencies expecting a

49.2%

INCREASE

Additionally, a comparison of pre-PDGM and PDGM payments for the same set of services and patient conditions shows an average range, from best to worst case, of 140 percent versus 10.1 percent for the previous five years.

OVERALL MEDICARE PAYMENT

DECLINE

22%

FROM JAN TO APR

2020

MEDICARE PAYMENT DECLINE

An analysis by Dobson DaVanzo & Associates found an overall Medicare payment decline for January to April 2020 of as much as 22 percent.[10] Although this decline is due to PDGM implementation and COVID-19 effects, these impacts will be far-reaching. Some agencies are at risk of closing because of these challenges while the survival of others is dependent on software to handle regulatory changes quickly enough to ensure revenue is not lost.

Annual changes to ICD-10 diagnosis codes present another challenge for home health agencies. The use of invalid or deleted codes result in claim denials and delayed payments.[11]

PDGM'S EXPANSION TO

24

SECONDARY DIAGNOSES

puts agencies without coding specialists at a significant disadvantage.[12]

.04

NEED FOR MORE SKILLED EMPLOYEES

As demand for services from home health agencies rises, so, too, does the need for more licensed or "skilled" employees.

THE U.S. BUREAU OF LABOR STATISTICS PROJECTS

11M

ADDITIONAL NURSES

ARE NEEDED TO AVOID A SHORTAGE

Growing Faster

The American Nurses Association projects more nursing jobs will be available through 2022 than any other U.S. profession, with employment opportunities growing at a faster rate than all other occupations through 2026.[12]

CAREGIVER TURNOVER RATE

2018

REACHED A RECORD HIGH

82%

- → Low pay
- → Scant benefits
- → Limited training opportunities

Beyond the need for additional skilled home health employees is the challenge of employee retention. The

2019

IMPROVED TO

64%

through administrative efforts to foster job satisfaction

In 2019, through administrative efforts to foster job industry's median caregiver turnover rate reached a record high of 82 percent in 2018, with low pay, scant benefits and limited training opportunities creating job dissatisfaction.[13]

satisfaction, the turnover rate improved to 64 percent. But as the need for experienced employees escalates, agencies will be pressed to become more creative in how they retain staff.[13]

.05

TECHNOLOGY

Software updates are a regular necessity in home care due to annual regulatory changes. These updates are necessary to collect newly required data, meet new compliance criteria and to bill appropriately, and this doesn't even touch on the reporting and tools needed to successfully manage under the ever-changing regulations.

TELEHEALTH VISITS [14]

With COVID-19 leading governments to enact self-quarantine guidelines, telehealth blossomed as a U.S. healthcare delivery option.

50%

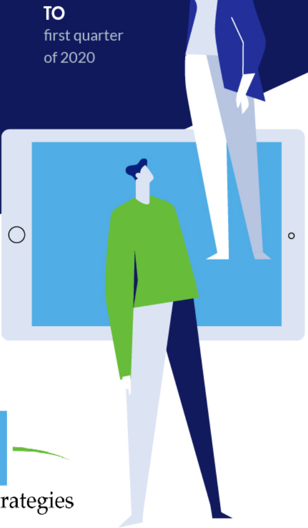
INCREASE

FROM
first quarter
of 2019

With regulatory requirements,

related enhancements and service changes such as telehealth under COVID-19, software updates nearly match cell phone OS updates in frequency.

TO
first quarter
of 2020



HealthCare Strategies

www.hcstrategies.com

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