Challenges and Opportunities for Home Care Providers in 2009

Carol Raphael
President & CEO,
Visiting Nurse Service of New York
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Overview

I. VNSNY
II. Challenges
   - Financing & Competitive Environment
   - Workforce
   - Quality
   - Remaining a Safety Net Provider
III. Opportunities
IV. Conclusion

I. VNSNY
Who We Are

- Founded in 1893 by Lillian D. Wald, VNSNY is the largest non-profit home health care agency in the U.S.
- Serves all five boroughs of NYC, plus Westchester and Nassau Counties
- Provides a range of services to an average daily census of 30,000 patients, from newborns to seniors
- 12,660 employees

Continuum of Patients/Needs

A. Independent
B. Independent with acute episode – short-term need
C. Chronic condition(s), medically routine and/or complex – long-term need
D. End of Life

VNSNY’s Continuum of Care

“Aging in Place” initiatives
Post-acute nursing, rehabilitation
Home health aides
Long-term Home Health Care Program
Health Plans
Home Health Aides
Hospice and palliative care

II. CHALLENGES
Costs are growing more quickly than reimbursements.

- For short-term, post-acute care …
  - Increasing percent of patients have managed care payers
    - Administrative processes costly
    - Utilization levels low
    - High denial and write-off rates
  - Medicare payments at risk

- For long-term care, Medicaid is the primary public payer …
  - Medicaid comprises, on average, 20% of state budgets
  - 43 states are facing deficits going into 2009
  - NYS projects $15.4 billion deficit for remainder of (current) SFY09 plus SFY10

- NY’s governor has proposed dramatic Medicaid home health cuts and reforms:
  - No trend factor
  - Rate reductions, tax assessment on revenue
  - Caps on A&G costs, employee compensation
  - PPS-like episodic rate
  - Restructure LTC system; open CON up
  - Regional assessment centers
Impact on VNSNY: Significant

- Requires reconfiguration of cost structure, given:
  - Collective bargaining agreements limit flexibility of labor costs
  - Growth in key categories (e.g., health benefits, space) exceeds inflation
  - Investments for community benefit, technology, innovation are vital to sustaining mission and competitive advantage

Competitive Landscape

- New market entrants for each service line
  - Including hospice, health plans, short-term and long-term care
  - Increasingly, these are for-profit, niche companies
  - According to CMS, for-profit CHHAs make up almost 95% of agencies certified since 2000

There are anticipated shortages in many health care disciplines.

- Future health care needs/demands will outstrip the supply of workers
- The existing education and training system does not adequately prepare workers to gain the skills and competencies required to care for complex older adults
- By 2030, the U.S. will need an additional 3.5 million formal health care providers – a 35% increase over current levels – to maintain today’s ratio of providers to the total population

Unless action is immediately taken, the health care workforce will lack the capacity (in both size and ability) to meet the needs of older patients in the future.
According to a 2008 IOM study …

- **RNs** – workforce is aging; nursing school enrollments not sufficient to compensate for exits; less than 1% of RNs are certified in geriatrics
- **Direct Care Workers** – current number already insufficient to meet demand; high turnover, shrinking applicant pool
- **Other Professions** – currently, only 7,100 geriatricians (1 to 2500 seniors); only 4% of social workers specialize in geriatrics

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**Workforce Development at VNSNY**

- Remaining “employer of choice”
- Improving retention, reducing turnover
- Education and training opportunities
- Stabilizing paraprofessional workforce

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**Quality of care must be maintained.**

- **Short-term care** – focus is on reducing hospital and ER utilization
- **Long-term care** – little clarity on how to define quality for home- and community-based services
  - Population is not expected to recover from chronic conditions or disability – what are appropriate “outcomes”?  
  - How can measurement go beyond regulatory compliance and documentation, and capture processes, consumer experience and satisfaction, trajectory of disease, appropriateness of utilization and service setting?
  - How can individual and organizational incentives be aligned, within and across service delivery sites and modalities?
Remaining a Safety Net Provider

- VNSNY invests in community benefit each year
  - Charitable care
  - Under-reimbursed services (e.g., for children and families)
  - Education and training
  - Research and policymaking
  - Assisting during public health emergencies
- Can be challenging to maintain during economic downturn

III. OPPORTUNITIES
How is VNSNY addressing challenges?

1. Implementation of cost savings initiatives throughout organization
   - Overhead Support – 6.5% reduction to budgets; “effectiveness and efficiency” projects in highest spend areas (e.g., IS)
   - Clinical Service Delivery – 3% reduction to budgets; aggressive productivity targets

2. Developing a sustainable model for providing care to managed care cases
   - Negotiating higher reimbursement rates
   - Reducing administrative burden through different payment arrangements
   - New product development

3. Continued focus on innovative home and community-based long-term and complex care management models that offer:
   - Range of accessible options
   - Options that move upstream to prevent disability and support aging in place
   - Ability to assess and match needs to options
   - Flexibility to accommodate movement around system as needs change
   - Enlarged unit of care to engage patients and family
Options at VNSNY: Hospice and Palliative Care

- **VNSNY Hospice Care** is the largest provider in metro NYC, where hospice is underutilized
  - Hospice Residence
  - Advanced Illness Management Program
  - Pediatric Palliative Care – recently initiated

Options at VNSNY: Health Plans

<table>
<thead>
<tr>
<th>VNS CHOICE MLTC (1)</th>
<th>VNS CHOICE Medicare (2)</th>
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<tbody>
<tr>
<td>Dual-eligible pop'n</td>
<td>Dual-eligible pop'n</td>
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<tr>
<td>Long-term Care</td>
<td>Hospitals, Doctors, Labs, Rxs</td>
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<tr>
<td>Support member in community, manage member across settings</td>
<td>Reduce hospital and ER costs, ensure primary care “home”</td>
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</tbody>
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VNS CHOICE Plus = (1) + (2)
Laboratory for testing integrated delivery and financing across all care settings

Aging in Place at VNSNY

- **VNSNY Congregate Care** works in a variety of housing settings to help residents remain healthy and stay in their homes/communities
  - VNSNY is present in 31 of 44 NORCs in NYC, and is lead organization in Chinatown NNORC
- **Community Connections TimeBank**
Technology at VNSNY

- Electronic Health Records (EHRs)
- Regional Health Information Organizations (RHIOs)
- Telehealth

IV. CONCLUSION