HOMECARE & HOSPICE
National Association for Home Care & Hospice

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NATIONAL STUDY SHOWS HOME HEALTH CARE IS IN A FRAGILE STATE

A national survey of home health agencies (HHAs) was conducted between April 10 and April 17 to determine the impact of Covid-19 on the operational and financial state of HHAs in the early stages of the pandemic. A similar survey was conducted from June 3 to June 18 to determine whether material changes in that impact had occurred as the pandemic set in and expanded across the country. The second survey specifically sought responses related to May 2020. The findings of those two surveys indicates that the COVID-19 pandemic continues to severely disrupt the care delivery system, bringing significant financial pressures throughout the country with only limited mitigation since the original March 2020 analysis. The impact is due to pandemic-triggered changes affecting services to the usual 3.5 million Medicare beneficiaries who receive care in the home as well as the new patient population of COVID-19 patients.

Nationwide, the March 2020 experiences showed that 41.5% of HHAs report serving actively infected COVID-19 patients. In the NY/NJ "hot spot" 85.71% of HHAs report serving such patients during that period. **The follow-up survey indicates that in May 2020, 62.7% of HHAs report serving Covid-19 patients with the NY/NJ "hot spot" continuing with a high service level at 82.8%.** These findings indicate that HHAs are growing in terms of importance in serving the virus infect population of Medicare beneficiaries, the population segment at greatest risk of adverse clinical outcomes, including death.

AS the virus infections spread across the country in March and April, HHAs increasingly took on Covid-19 infected patients. For example, 61.5% of Michigan respondents reported serving infected patients in March, increasing to 85.2% in May. Similarly, in March 34.8% of Florida HHAs served infected patients, rising to 58.8% in May. Texas shows a different picture with low rates on infection continuing until recently with 35.4% serving virus patients in March rising only slightly to 38% in May.

The initial survey was conducted between April 6 and April 17 by the National Association for Home Care & Hospice. Respondents totaled 1119, including home health companies from all states. The follow-up survey includes 581 respondents. That initial survey had 67.3% reporting that they serve patients in rural areas. The new survey has a comparable 64.8%. Rural health care overall has been stressed in recent years. The pandemic has compounded those stressors significantly.

The findings of both surveys indicate serious continuing concerns about the financial stability of home health agencies as operations and revenues are still severely affected in multiple ways. These findings below, with the earlier survey findings in parentheses, include:

- 82.4% (85%) of respondents report revenue reductions with a median reduction between 15 and 20%.
    - 26.2% (31.7%) report reductions in excess of 20%
    - 45% (53.%) report reductions in excess of 15%
    - "hot spots" such as NY and NJ report even higher reductions with the NY/NJ region indicating 45.8% (67.9%) with greater than 15% and 37.6% (46.3%) greater than 20%

While the survey responses indicate a slight decline in the level of revenue reductions, the continuing impact remains significant. Anecdotally, the explanations for the slight change vary widely, but include reduced hesitancy to accept services and increased patients choosing care at home as an alternative to nursing home care.

- Revenue reductions are primarily related to two factors: decreases in new patient admissions and patient refusal to accept all of the physician-ordered care visits to avoid virus transmission risks
    - 67.2% (79%) report decreases in admissions with 49.5% (56%) indicating reductions greater than 15% and 38.9% (37.3%) reporting reductions in excess of 20%
    - "hot spot" locations report much higher losses of new patients with 62.1% (92.8%) of HHAs in NY/NJ reporting decreases and 48.3% (75%) indicating a decrease of 15% or greater and 45.2% (57.1%) indicating a decrease of greater than 20%

- 87.4% (96.9%) of HHAs report patients' refusals of care

The reduced reluctance of patients to allow HHA staff in their homes especially shows in the NY/NJ hot spot. HHAs report that improved availability in PPE and better communications with prospective patients contributed to the increased willingness to accept care and caregivers.

- Refusals of all of the physician-ordered care visits have triggered payment reductions through the Low Utilization Payment Adjustment ("LUPA"). LUPA rates reduce average reimbursement by approximately 75% or $1500 over the 30-day period payment unit.
  - 39% (52%) of HHAs with below national average LUPAs in March 2019 report at least a tripling of LUPAs in May 2020
  - 47% (67%) of all HHAs report at least a doubling of LUPAs
  - **NEW INFORMATION: The admission refusal rate of prospective patient admissions in May was 9.38% of referred patients. Of those patients on service, 9.51% of the physician-ordered visits were rejected by the patients.**

The improvement in the proportion of LUPAs compared to March 2019 corresponds with the reduced hesitancy of patients to accept care. Still, the high volume of LUPAs continues to contribute greatly to the reduced revenue outcome for HHAs. The June survey found that 57.5% of all HHAs had LUPA volume in excess of a pre-Covid national total of 8% of patient episodes as LUPAs.

- The revenue and care demand reductions have cost HHA employees' jobs
  - 42.6% (54%) of HHAs report reductions in clinical staff
  - 47% (52.8%) report reductions in administrative staff

- **NEW INFORMATION: Respondents to the June survey indicate that the Covid-19 related cost increases are expect to lead to an annual service cost increase of 9.69% for HHAs.** This cost increase alone far exceeds the financial supports that have been provided to HHAs through the CARES Act Provider Relief Fund through which Medicare HHAs received an April distribution equal to 6.2% of 2019 Medicare fee-for-service revenues.

- Respondents indicate that the same top three concerns about their future as reported in the first survey. Those are:
  - Significantly reduced revenues
  - Patient safety with inadequate supply of Personal Protective Equipment (PPE)
  - The inability to fully utilize telehealth services as an adjunct to in-person care that is reimbursed by Medicare

- With respect to PPE, availability has improved notably, but it is far short of what is needed currently and the availability is at high risk in the event of a surge as is being experienced in a number of states in late June.
  - 42% (65%) of HHAs report less than 20 days supply of PPE
  - 71,6% (81.6%) of HHAs report less than a 30 day supply on hand

- Even without direct reimbursement for telehealth services as an alternative to in-person staff visits to patients, the responses indicate a slight uptick in telehealth use by HHAs. In the March-focused survey, 39.5% of HHAs reported using one or more modalities of telehealth. The May survey shows a slight rise to 43.6%.

Overall, the recent, follow-up survey continues to strongly suggest that home health agencies need financial supports and Medicare policy relief in order to continue to serve COVID-19 infected patients, as well as the other 3.5 million Medicare beneficiaries who utilize cost effective, high quality care at home each year.