Home Care Colorado 2008-2009

Survey of
Home Care Clients, Services, and Employment

Survey Background and Objectives:

This survey is the seventh to be commissioned by the Board of Directors of the Home Care Association of Colorado (HCAC), on a statewide basis, to quantify clients and services provided by the state's home care industry. Similar surveys were conducted in 1992, 1994, 1996, 1999, 2001 and 2003.

The objectives of the survey are to:

a) benchmark and aid in tracking the extent of home care services to the community,
b) identify and monitor trends in reimbursement, funding sources and client base, and
c) assess the economic impact of the home care industry in terms of employment

Facts and Assumptions:

Twenty-four agencies participated in the current survey. This is three more than responded in 2003. In 2001, 43 agencies responded, compared with a high of 79 in 1996. There are two major reasons for this decline in participation: 1) there are fewer agencies due to business consolidation and changes in the basic home care business model, and 2) the continual, burdensome increase of regulatory red tape that consumes an enormous amount of home care administrative time. It is difficult to get members to take the time required to complete a survey.

However, after carefully comparing agencies that responded in prior studies (and those who did not) with the current set of responses, and by estimating the scope of services provided by non-member agencies with those provided by member agencies, I am confident that the data allows for an accurate assessment of numbers and trends. In fact, an independent study recently conducted by the National Association for Home Care (NAHC) confirmed our last projections based upon only 21 responses. NAHC estimated the number of home care visits in Colorado to be at that time 3,007,000 per year. We had projected 3,000,000 visits per year.

For the purposes of projections and extrapolations within this report, we are assuming that the survey respondents represent approximately 32% of all homecare clients and visits in Colorado. We also assume that non-participating agencies (members and non-members) represent an equal distribution of clients, visits, hours and employees when compared with our sample.

Home Care Clients
Distributed by Age and Reimbursement Categories

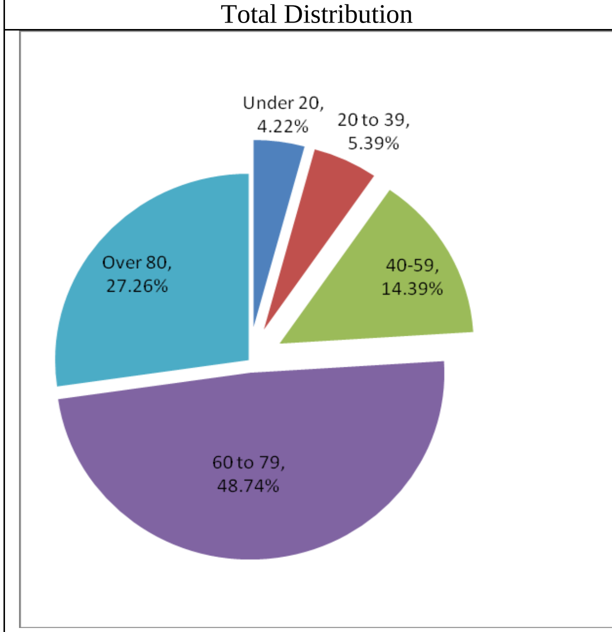
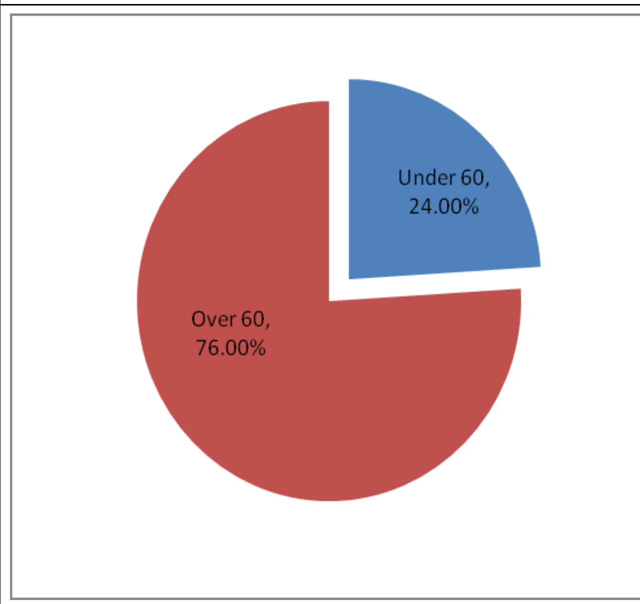
In 2001, we concluded that home care is in the "geriatrics business" and that the impact of an aging population will continue to grow. While our population continues to age, bracketing of home care clients by age seems to be changing. As a percent of the total, clients over the age of 80 have declined from 37.56% of the total in 2003 to 27.36% in 2008. In the meantime, those in the 60 to 79 years of age bracket increased from 40.36% in 2003 to 48.74%. Several of the lower age categories picked up slight increases as well.

The apparent shift to a “younger” clientele is not the result of fewer people over 80, but is the result of more people in the 60 to 79 bracket being served. Our data on reimbursement shows a very significant increase in commercial insurance as a payor. It is very likely that more people not yet qualified for Medicare are looking to commercial insurance as a means of staying at home. This will be discussed further in the sections on hours and visits by pay source.

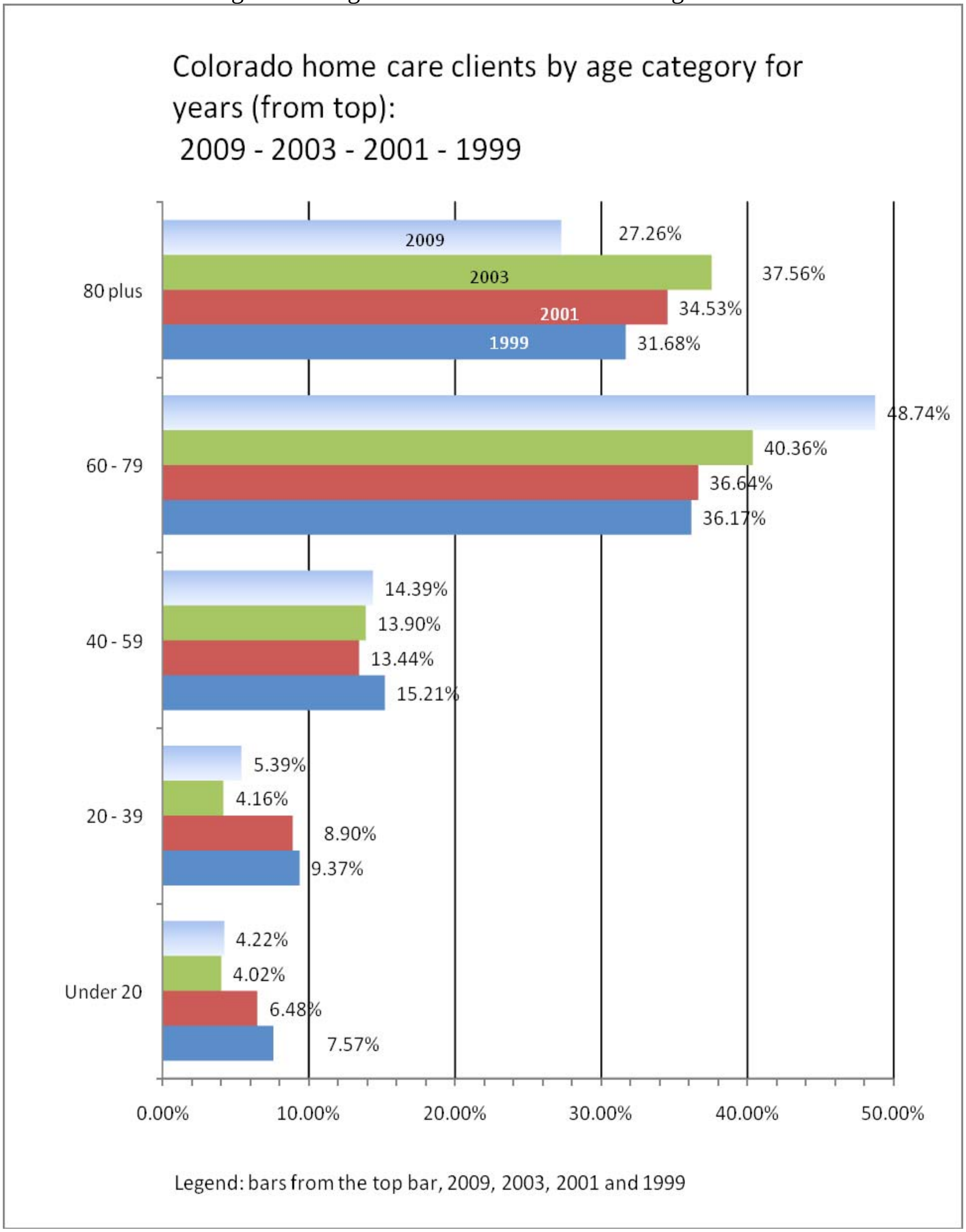
It is estimated that the total number of clients served by home care agencies in Colorado is **83,869**, which is up significantly over five years ago (65,355 estimated in 2003).

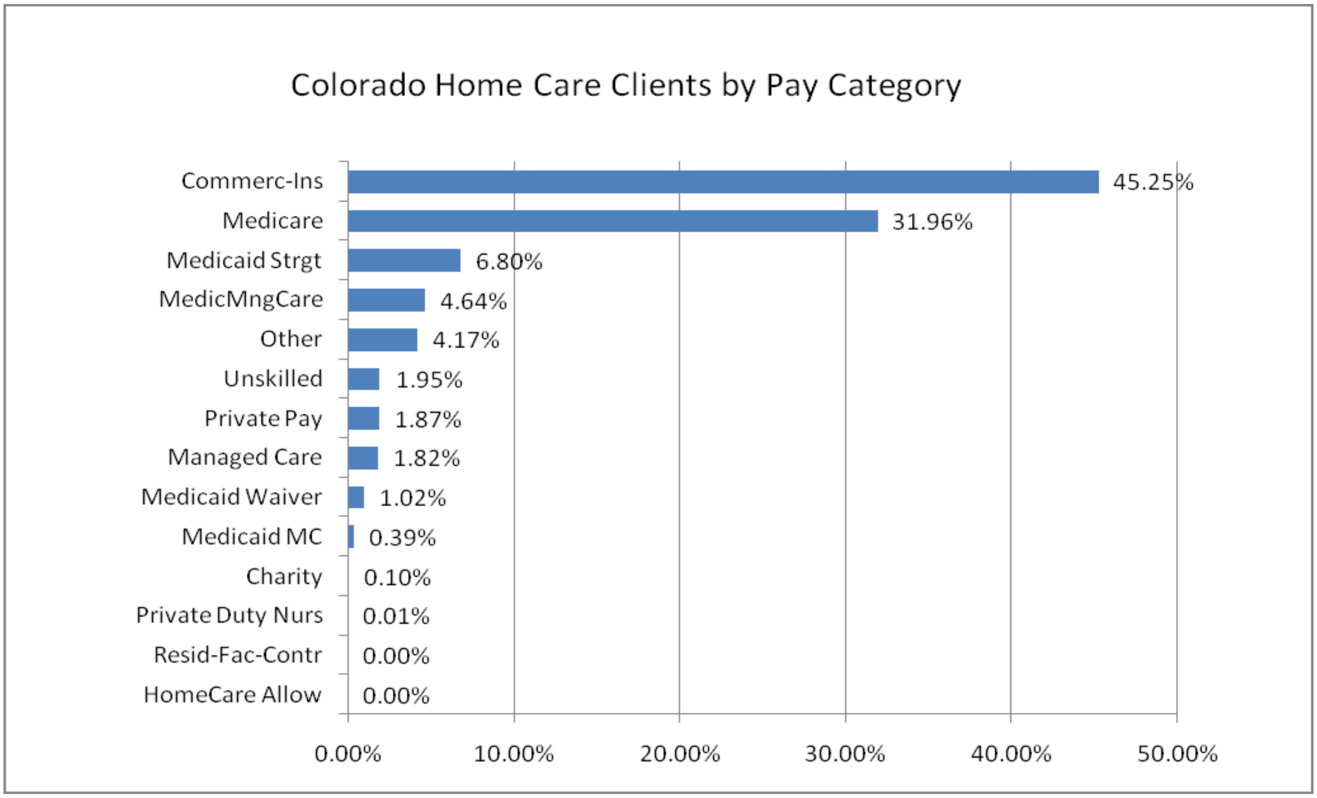
Of the total number served, 22,946 (27.26%) are over the age of 80. All clients age 60 and over account for 63,598 or 76% of all served.

The following charts show the 2008 client distribution by age:

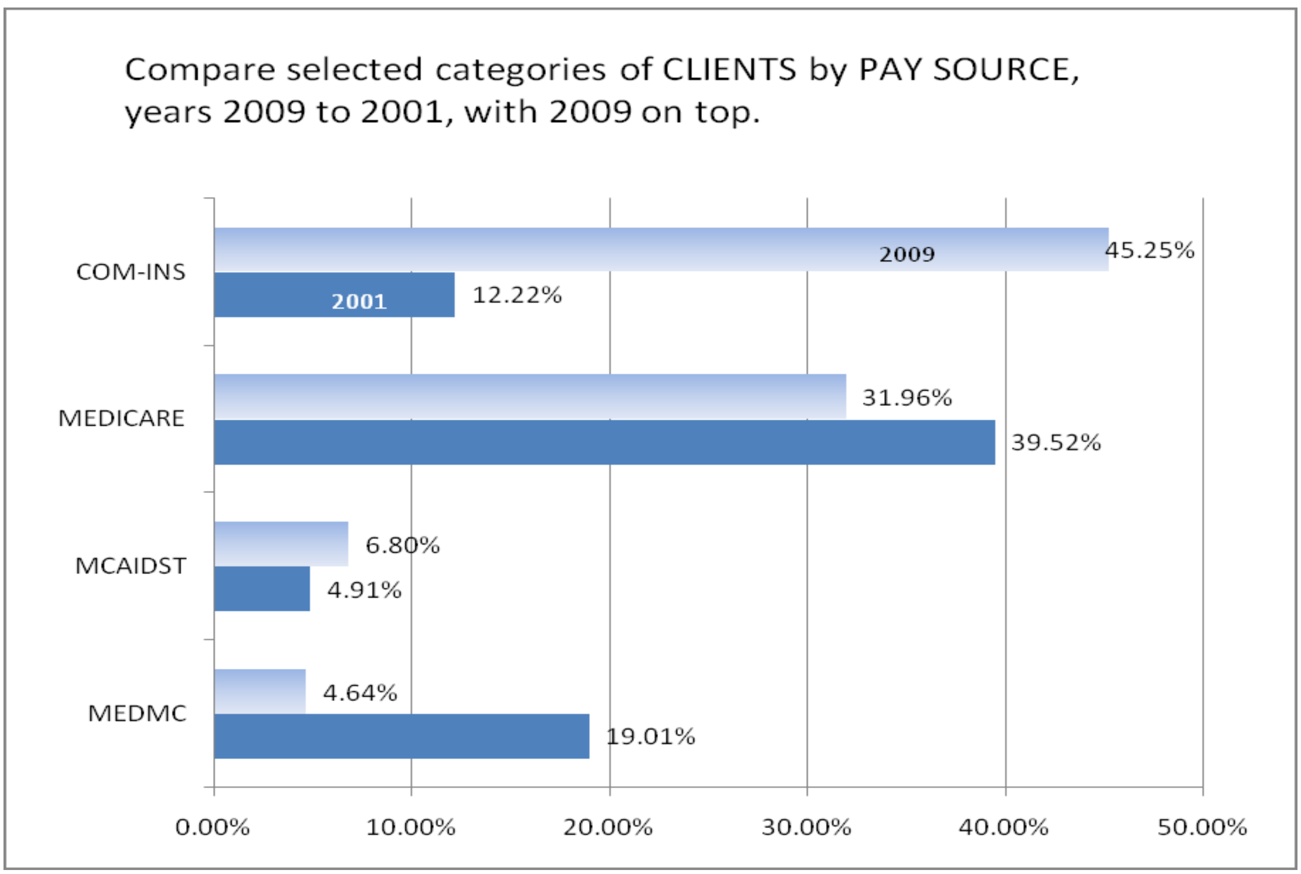
Total Distribution	Over 60 versus under 60
	

This chart shows changes in the age distribution from 1999 through 2008.





More clients are being funded by commercial insurance.



Agency Visits and Hours

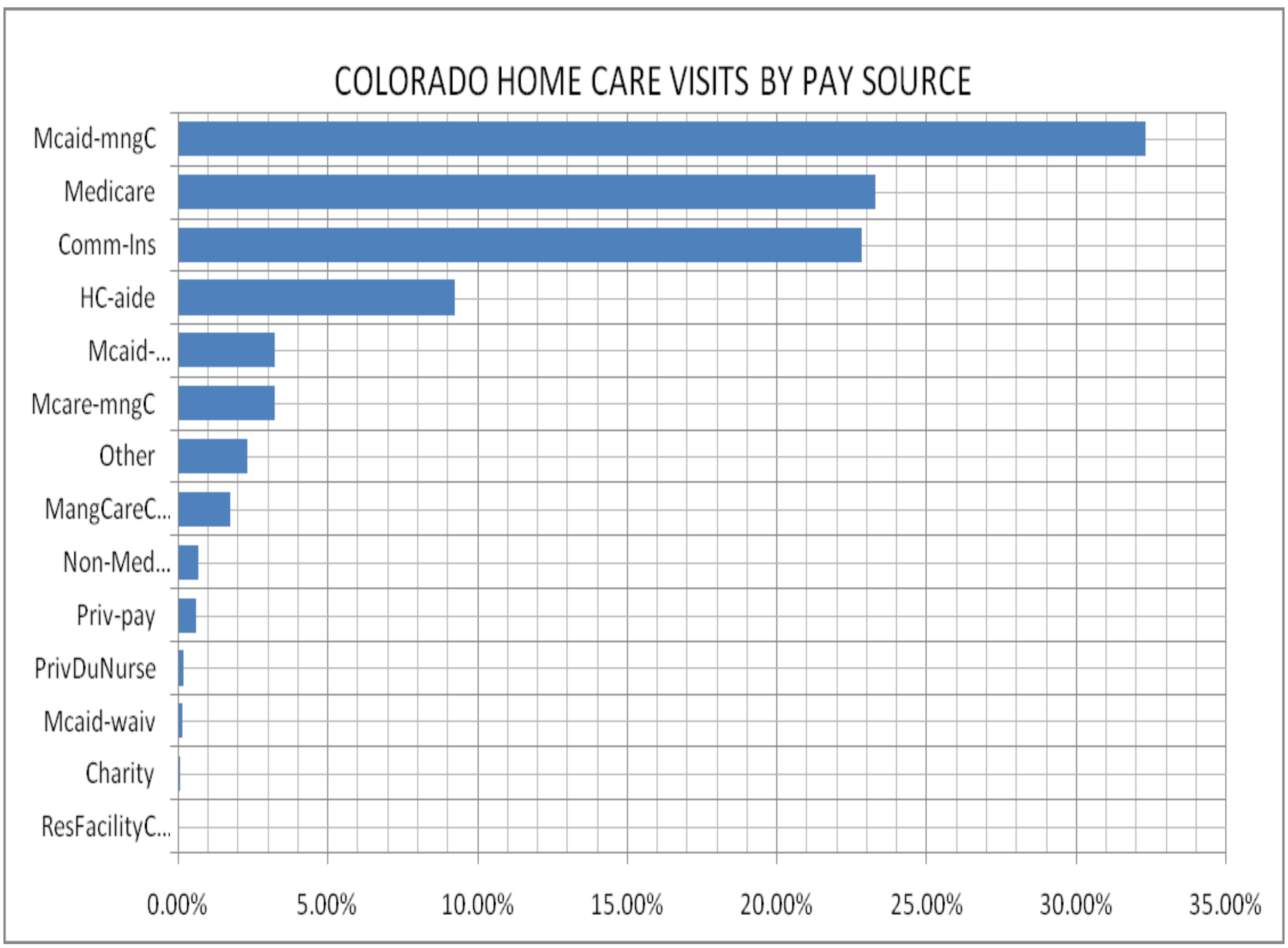
Some 2,350,341 visits were conducted as "visits" by all agencies in Colorado, compared to 2,738,433 visits in 2003. This shows a drop in the number of visits by some 388,092.

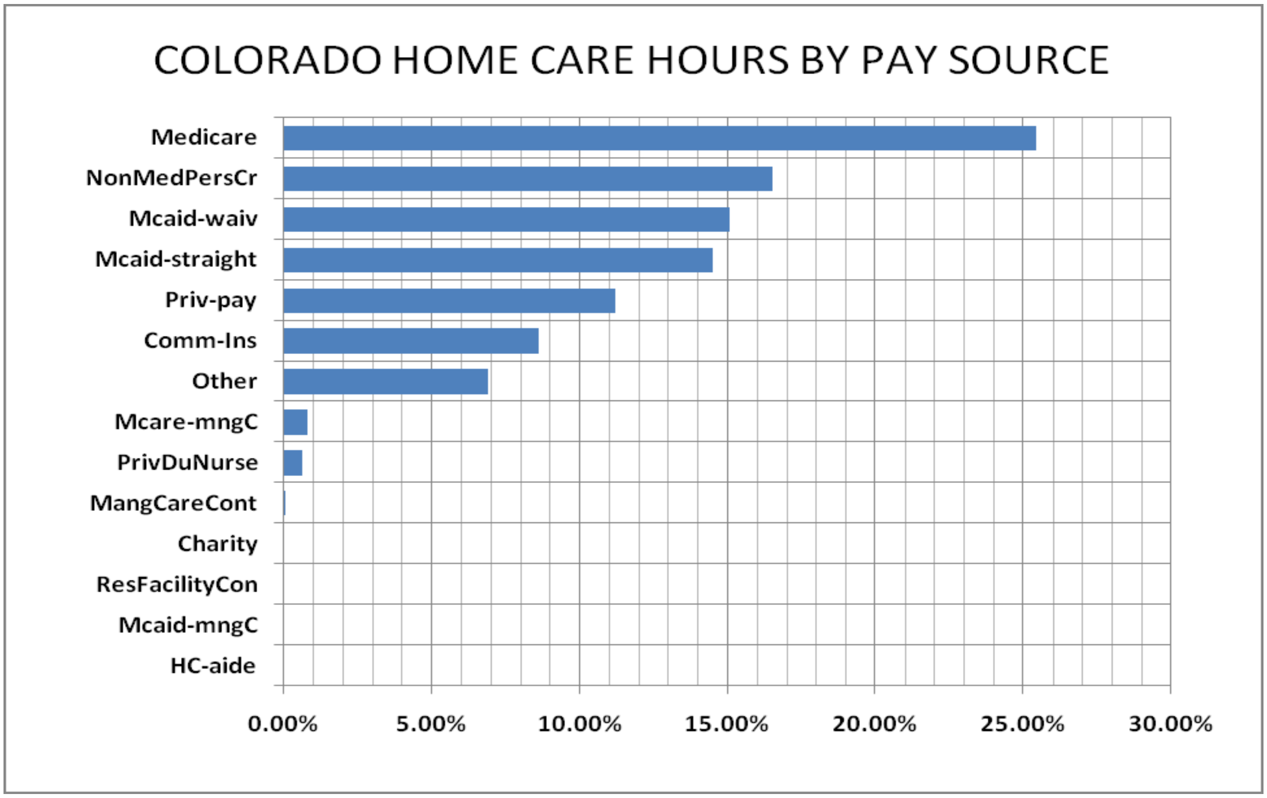
While visits reported as "visits" dropped by 14.17%, hours reported as "hours" gained substantially. Agencies provided some 2,017,019 hours of home care service (reported as hours) in 2008. This compares to only 912,274 hours reported in 2003, representing an increase of 221.10% in five years.

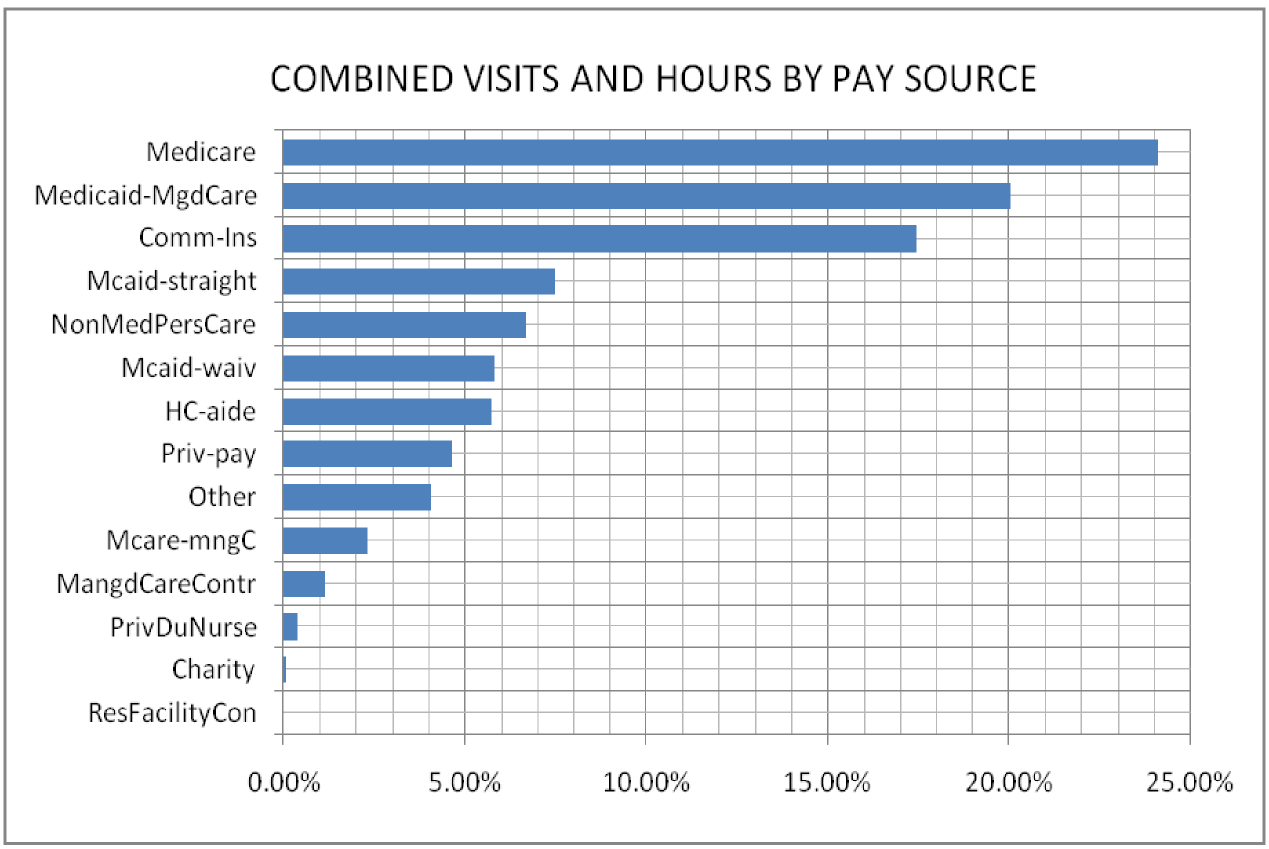
It is estimated that the average visit takes about 1.75 hours to complete. If that is the case, we can convert hours to visits. This adds 1,152,582 visits to the reported 2,350,341, bringing **the total number of visits in 2008 to 3,502,923.** This is an increase of 359,035 visits, or 11.42%, over 2003.

The following charts show the payor sources for those visits and hours.

Reimbursement Sources:




COLORADO HOME CARE HOURS BY PAY SOURCE
Medicare
NonMedPersCr
Mcaid-waiv
Mcaid-straight
Priv-pay
Comm-Ins
Other
Mcare-mngC
PrivDuNurse
MangCareCont
Charity
ResFacilityCon
Mcaid-mngC
HC-aide
0.00%
5.00%
10.00%
15.00%
20.00%
25.00%
30.00%

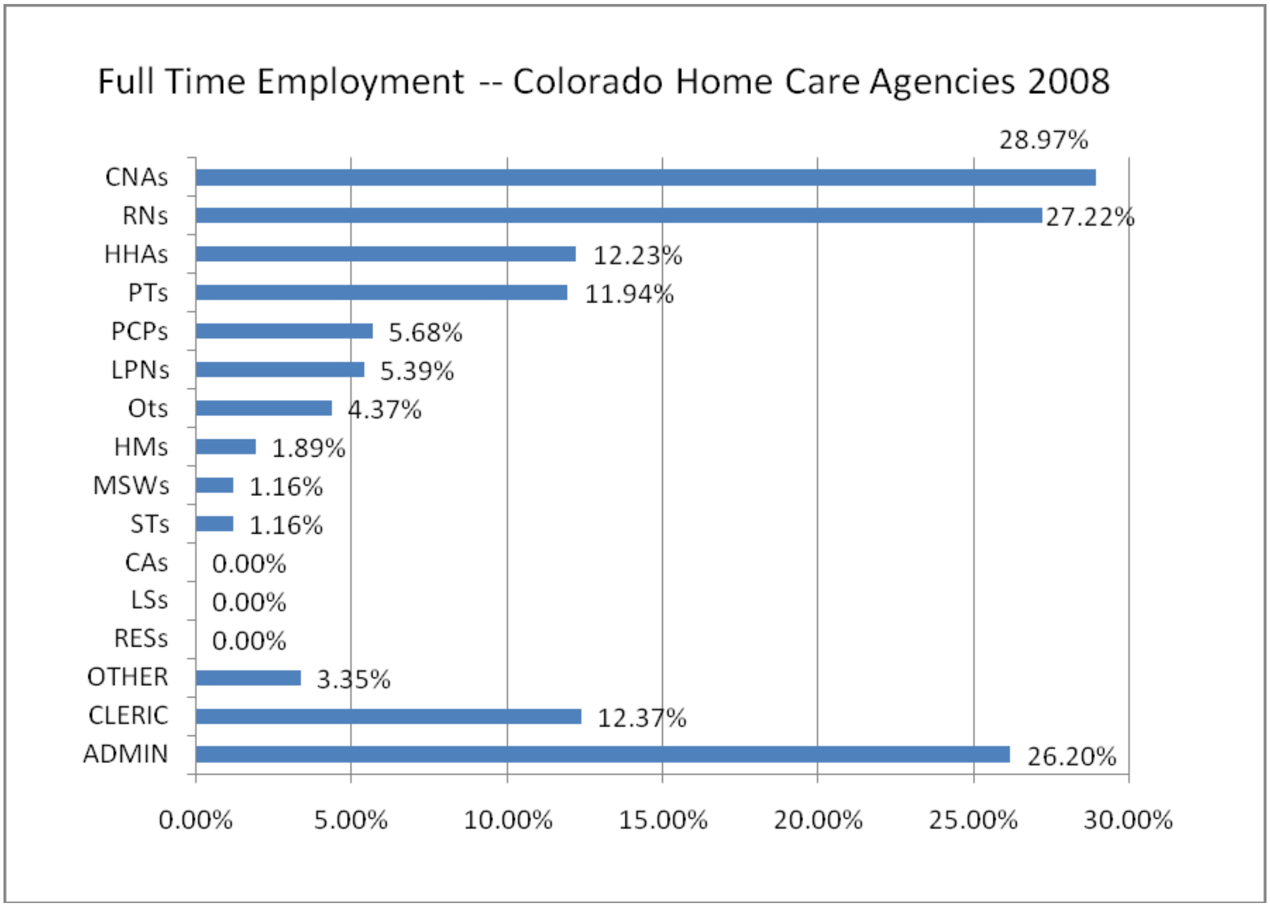

COMBINED VISITS AND HOURS BY PAY SOURCE
Medicare
Medicaid-MgdCare
Comm-Ins
Mcaid-straight
NonMedPersCare
Mcaid-waiv
HC-aide
Priv-pay
Other
Mcare-mngC
MangdCareContr
PrivDuNurse
Charity
ResFacilityCon
0.00%
5.00%
10.00%
15.00%
20.00%
25.00%

The Home Care Work Force

It is estimated that home care employs some 3,047 full time staff and 4,584 part time staff, for a total full time equivalent (FTE) of approximately 5,339. However, in fairness the total number of positions (part time and full time) is some 7,631.

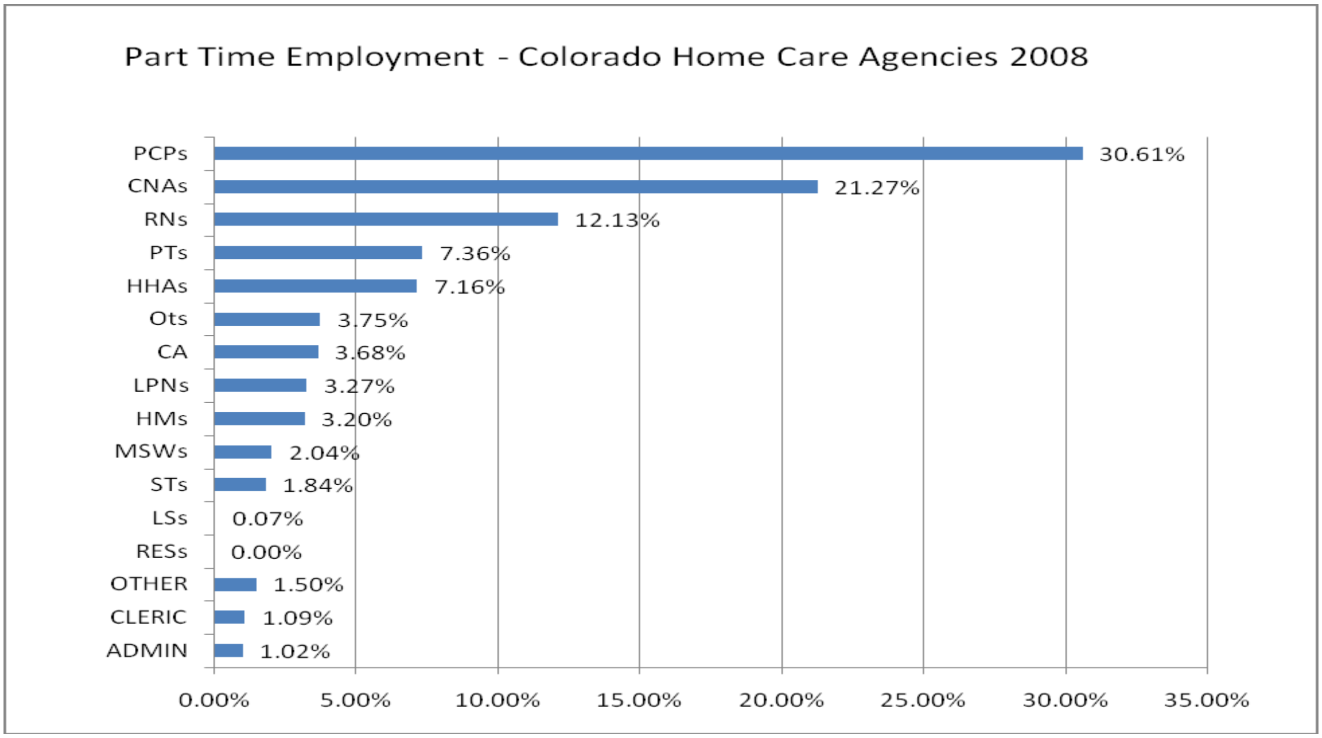
Certified Nurses Assistants (CNAs) topped Registered Nurses (RNs) in the number of full time employees engaged by home care agencies. In 2003, RNs were 27.8% percent of the work force compared with 27.2% in 2008. CNAs were 13.4% of the work force in 2003 compared to 28.97% in 2008. This may be due to the fact that Licensed Practical Nurses are being grouped into the CNA category, or that CNAs are replacing LPNs in numbers. The LPN category dropped from nearly 12% in 2003 to only 5.39% in 2008.

The following chart shows the distribution of full time employees in percent:

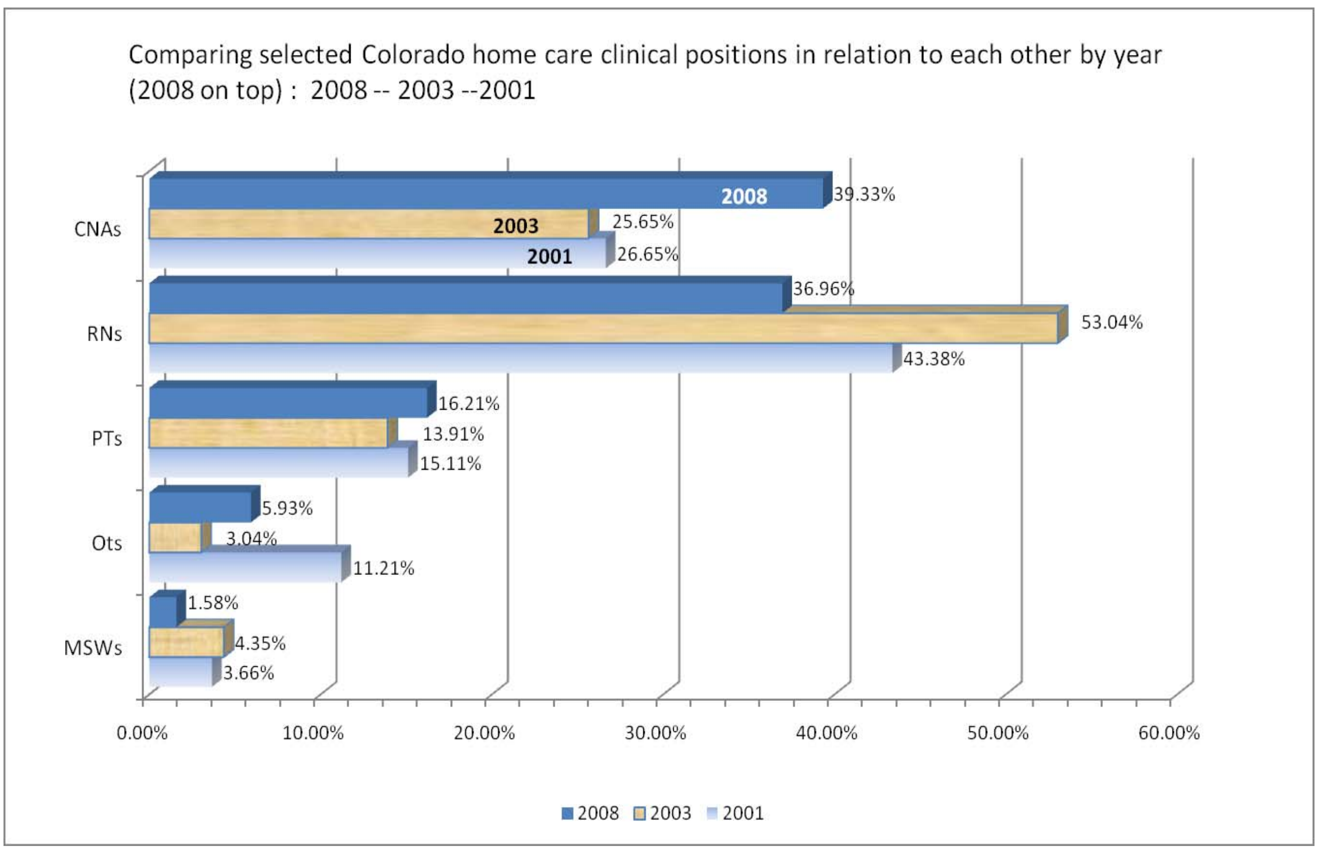


The number of full time administrative and clerical staff is noteworthy. Nearly a full admin person is required for each RN. Compliance with regulations and its accompanying paperwork is labor intensive, and as one respondent noted, “beyond burdensome.”

Personal care providers account for more than 30% of the part time workforce.



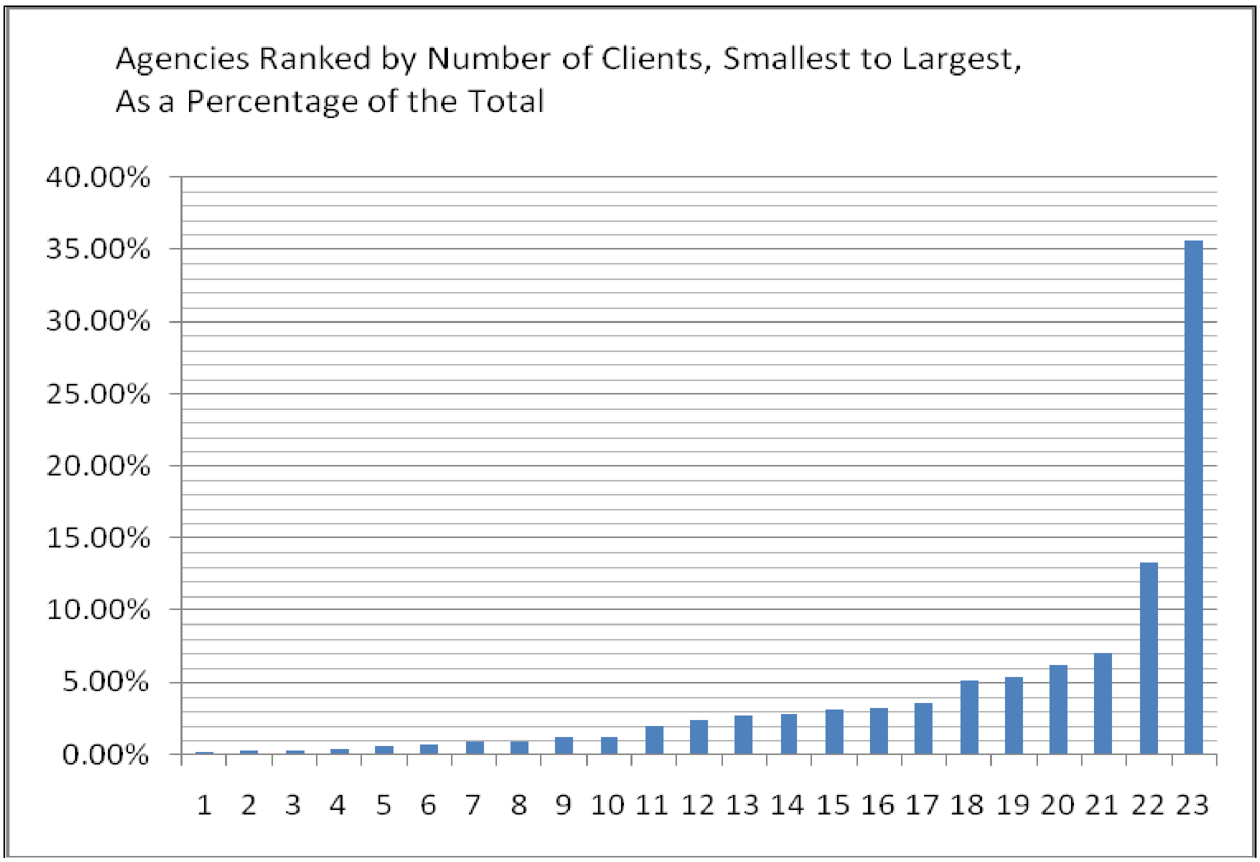
The following chart compares selected clinical positions <u>in relation to each other</u> for the years 2008, 2003 and 2001. The total of the five categories for any given year should equal 100%.



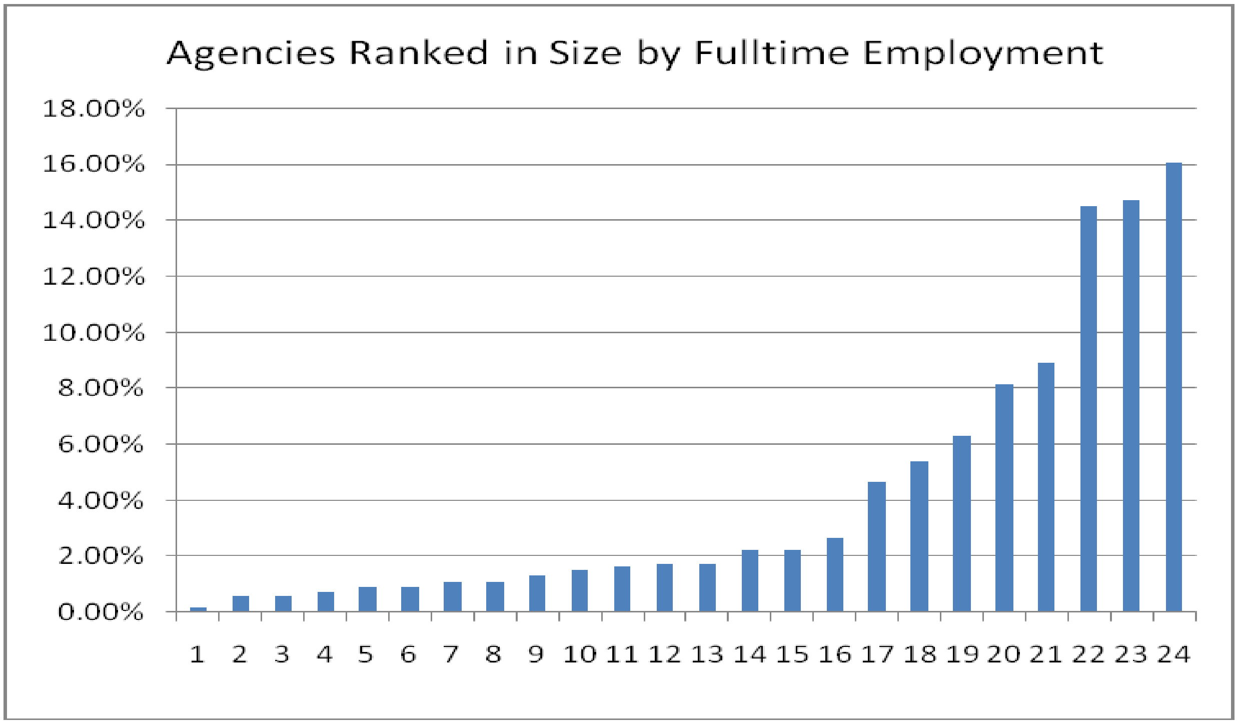
Relative Size of Home Care Agencies

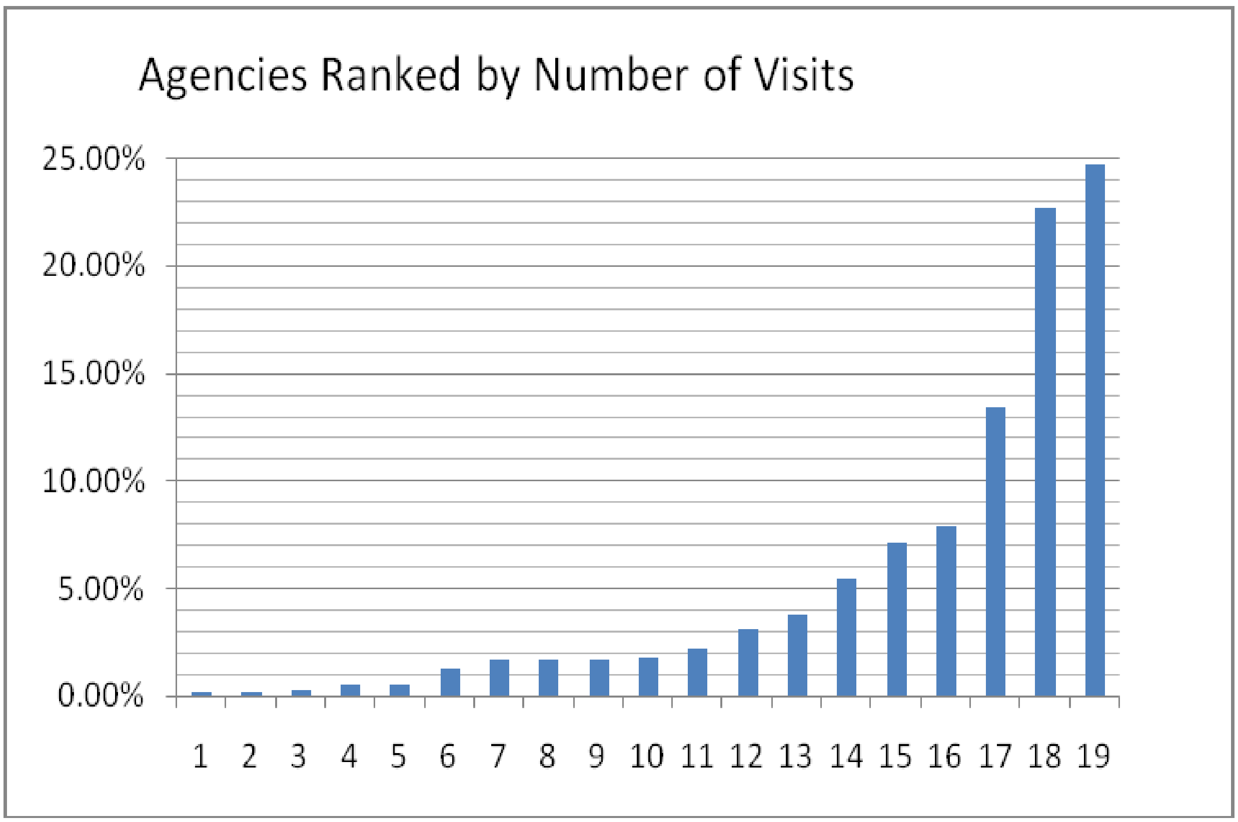
Home care agencies vary considerably in terms of focus and services. Some provide service only to the totally disabled, dealing with a relatively few clients accounting for a large number of visits. Some provide only non-clinical services. Some are very rural and small while some are urban and very large. We did not intend covering this dimension of home care, however, in examining the data, the relative size of agencies is a factor that must be recognized. There is a wide disparity among home care agencies in terms of size, with most falling on the smallest side of the scale.

The "size" of the agency is typically the main determinant relating to the financial and human resources available for any purpose. Unfortunately, regulations are written for all without regard for size and regulatory fee structures are often prescribed evenly for all regardless of capacity to pay. The smallest home care agencies carry a disproportionate burden when it comes to paperwork and compliance costs. The following charts are self-evident:



Remember, the data in all cases is simply a ranking from the smallest to the largest. The number is mearly a reference point. The mid-point in size in the chart above comes between agency 11 and agency 12. At that point the smaller half do not add up to the size in number of clients as represented by the single largest agency.





NOTE: The number of agencies shown above varies due to the fact that some agencies did not provide data under all categories. In any case, the point should be clear. There is a big difference between the largest and smallest of agencies and the smallest are in the majority.

Agency Commentary

Respondents were asked the following questions and were prodded for their candid comments:

Question 1) Have you seen any change in your client mix or types of cases treated in the past two years? (12 yes, 12 no)

. . . Increase in more critical patients requiring hospitalization within three days . . . more Medicaid . . . more managed care patients . . . younger clients and more private insurance . . . growth! . . . We dropped 90% of our managed care contracts . . . Now 90% Medicare. Age of patients has gone up . . .Increase in Medicare advantage and decrease in Medicare fee for service. Increased pressure to accept commercial insurance clients by referral sources . . . Increase in private payers and other program contracts, including long term care insurance. Fewer Medicaid waivered . . . Slight increase in government service contracts (ie VA) . . . Much less Medicare fee-for-service, much more insurance and managed care . . Increased acuteness of patients . . . Getting more referrals for chronic wounds . . . We have seen more use of PICC lines instead of peripherals, which is nice . . .

Question 2) Have you stopped providing any services or serving any service niche in the past year (i.e. entire category such as HCBS, Medicare or Medicaid)? (4 yes, 19 no)

Most managed care contracts dropped . . . workers comp, auto insurance, fringe low-paying reimbursement sources . . . did stop pursuit of HCBS due to its financial limitations. Could not find a way to break even . . . We don't offer HCBS services . . . contemplating restructuring/closing HCBS and/or home health

Question 3) Please describe the biggest burden for your agency (such as reimbursement rates, slow payment, work force shortages, paperwork, regulatory mandates):

. . Amount of paperwork required, denials from Medicare . . . work force shortages . . . . reimbursement rates, mileage, new surveyors without home care experience. (OASIS, HHABN's, notice of Medicare provider non-coverage forms) . . . Trying to keep up with all of the rules, regulations, laws. It is mind-challenging . . . Work force shortages, paper work, regulatory mandates . . . paperwork, PT shortage, slow reimbursement . . . Work force shortages (We do not have a director or physical therapy.), regulatory mandates . . . Regulatory mandates, paperwork and shortages in nursing staff . . . reimbursement rates, slow payment, paperwork, regulatory mandates . . . It was managed care reimbursement rates (i.e. $78 for nursing visit) . . . Regulatory mandates, especially in the Colorado Medicaid reimbursement. Increasing costs such as health insurance, fuel, etc. . . . Intense regulatory burdens, excess paperwork to meet compliance, which taxes an already stretched work force. Staff shortages that limit ability to accept new cases. Staff shortages driving costs up. Salaries increase, transportation costs increase . . . Medicaid reimbursement for homemaking and personal care continues to fall behind, which pushes wages down for that category . . . Therapy shortages and staff with adequate clinical skills for homecare . . . Reimbursement rates are not keeping up with wage demands . . . Slow payments from insurance create cash flow crunch. Shortage of skilled professionals impair ability to provide quality care and drive up wages . . . Cutting thru the bureaucracy that is forced onto clinical staff (paperwork, training, reimbursement) . . . Incredible amount of paperwork. One admission takes 6-8 hours of time . . . Work force shortages and paperwork . . .Slow payment; changes in billing formats; PHP changing everyone for 1500 HFCA; some therapy shortages . . . Regulatory issues/overhead; poor payment from insurance and overhead; reimbursement rates . . . Reimbursement model of PPS is insufficient for low volume agency . . .

Question 4) CLOSING COMMENTS? (for some, this was a continuation of burden): RNs having to open cases where RN is NOT the primary discipline (i.e. total joint replacements) RN is for blood draws only. PT treats . . . Confusion as to what the state wants. No clear answers from the state . . .Therapy and nursing shortage . . . We travel to rural areas. Our office space is too small. No money to buy computers or to remodel . . . Reimbursement is low. As a small agency we could not survive if we were not a part of the Health Service District. Our population base is low . . . We have had tremendous growth in 3 years. There is definitely a need for home health and I am glad we have two agencies in our area . . . Paperwork & regulations are beyond burdensome . . . RN & therapist staffing shortages . . .