



Are Health Plans Prepared for Home Care's Rapid Ascent?

In-depth survey of health plan executives reveals key challenges and strategies in today's fragmented industry

EXECUTIVE SUMMARY

Growing recognition of the value of care in the home among payers and providers, as well as rising demand among patients and their family members, is leading to significant growth in home care utilization and costs. A recent survey of 47 health plan leaders familiar with their plan’s home care offerings found that most expect that trend to continue over the next five years, consistent with industry and the Centers for Medicare & Medicaid Services’ projections. This isn’t surprising, given the surging senior population, popularity of home care, advances in homecare-related technology, and the significantly lower cost of home care services compared to facility-based care.

The mounting demand, however, is highlighting critical challenges and gaps in the home care services chain. Service delivery tends to be highly fragmented, resulting in poor communication and coordination among the various stakeholders, which drives up total costs, delays service, negatively impacts outcomes, and lowers member satisfaction.

To learn how health plan executives are responding to the increasing demand for this vital sector of health care, Integrated Home Care Services (IHCS), a leading home care benefits administrator, commissioned healthcare consultancy Sage Growth Partners to conduct an independent survey of these leaders in September 2022.

KEY FINDINGS

9 in 10

respondents say demand and costs have risen in the past five years and expect these trends to continue.

Only **38%**

say their plan supports members’ home care use very well.

Nearly **two-thirds**

say executives meet rarely or occasionally to discuss home care.

66%

are going it alone in managing home care today, although 52% say they are somewhat/very likely to delegate some services to a third party in the future.

75%

say reducing the administrative burden of home care is the top benefit of delegating to a third party; about half say improving service coordination is another key benefit.

68%

of home care services spend is still fee-for-service, while only 14% is capitated and 17% is another type of fee-based arrangement.

A Significant Uptick in Home Care Demand

No slowdown in sight

Over the past five years, health plan executives cite significant growth in the use of home care services, with 91% saying utilization has increased. Home care costs are also increasing; 96% of respondents say that they've increased over the past five years, and more than one-quarter say they've increased by more than 10%. Data suggests that some respondents appear to be under-estimating the growth in the home care industry, with some sources indicating a recent annual growth rate of about seven percent.

TOP DRIVERS

Respondents say the top drivers of utilization changes in home care are:



Pandemic influenced changes

(cited by 79% of respondents)



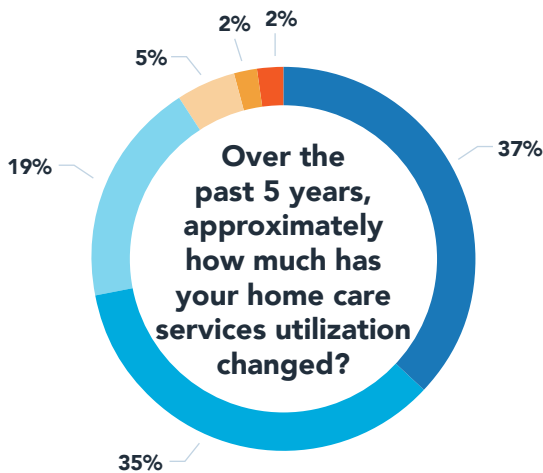
Strategic drivers to move more care to the home

(72%)

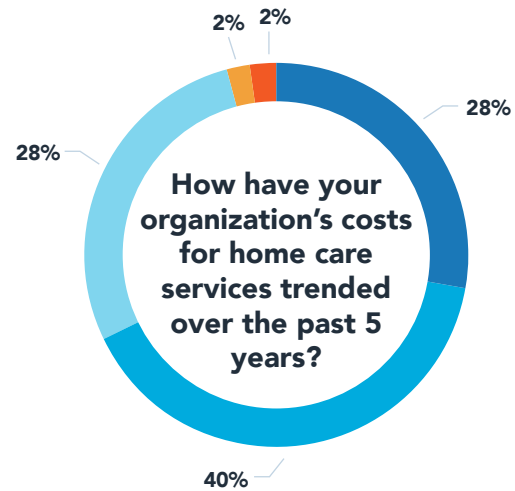


Increased member demand

(47%)



Decreased somewhat (between 5%-10%): 0%

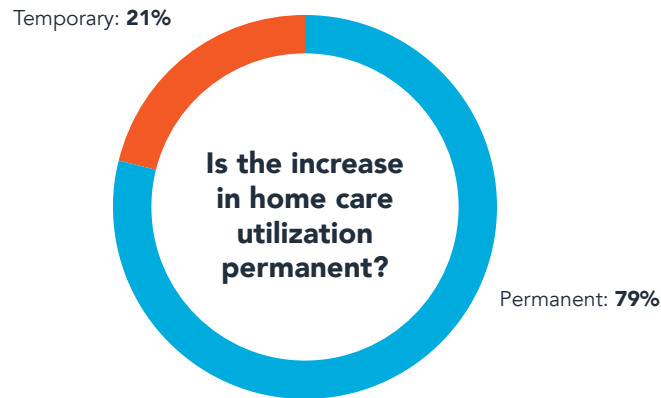


Stayed roughly the same: 0%
Decreased somewhat (between 5%-10%): 0%

- Increased significantly (over 10%)
- Increased somewhat (between 5%-10%)
- Increased slightly (between 1-4%)
- Stayed roughly the same

- Decreased slightly (between 1-4%)
- Decreased somewhat (between 5%-10%)
- Decreased significantly (over 10%)

Most respondents predict that this growth is a permanent state, rather than a temporary one, with nearly 80% saying that in future months and years, utilization will continue to increase. This is consistent with numerous projections in the literature that the home care will grow at an annual rate of over seven percent.



Medicare Advantage plans (includes DSNP and CSNP) have the highest percentage of lives utilizing home care services, with 21% of respondents saying over 40% of members use them, 10% saying 31-40%, and 33% saying 21-30%. Managed Medicaid and Medicare-Medicaid plans also indicate a high percentage of lives utilizing home care services. With such a high percentage of members using home care, it is increasingly important for health plans to ensure high member satisfaction with these services is a part of their overall member retention strategy.

The cost of home care services is also growing for these plans. For all three types, most respondents say they account for more than 10% of the plan's healthcare costs.

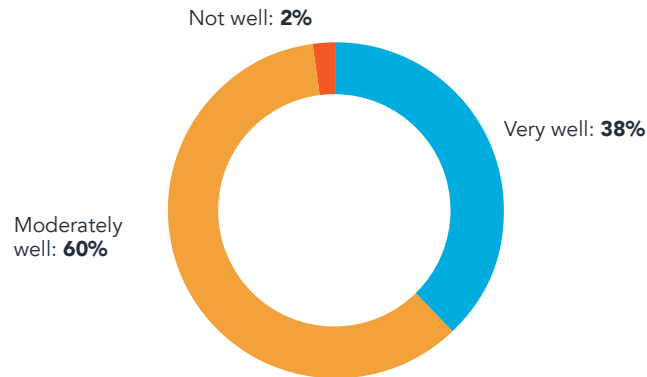
Despite the increasing demand—and need—for high-quality home care services, many health plans are struggling to provide it to their members. A small, but growing number of plans, however, are finding success by employing an integrated home care model. [Learn more.](#)

A Fragmented Home Care Services Delivery Chain

Quality concerns and challenges mount

Only 38% of health plan executives say their organization is performing “very well” when it comes to supporting members’ use of home care services, while 60% say they do this “moderately well.” That self-assessment is concerning given the growing role that this healthcare service is likely to play in coming years.

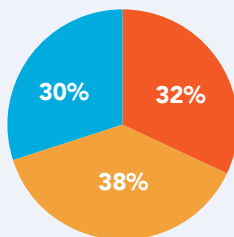
In terms of efficiency and member satisfaction, how well do you think your health plan supports members utilizing home care services?



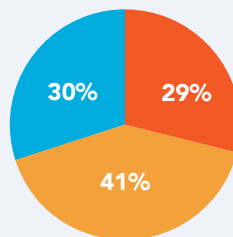
Overall, health plan executives say the following are the top challenges they face related to home care services delivery.

Related to home care services, how challenging are each of the following to your organization?

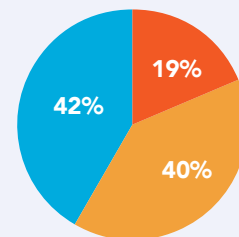
High ED utilization rates:



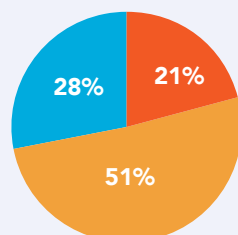
High readmission rates:



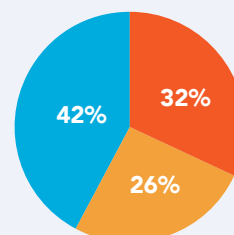
Lack of credentialed providers:



Fragmented home care experience due to lack of coordination across services:



Lack of member engagement after hospital discharge:



■ Very or extremely challenging
 ■ Moderately challenging
 ■ Not challenging or slightly challenging

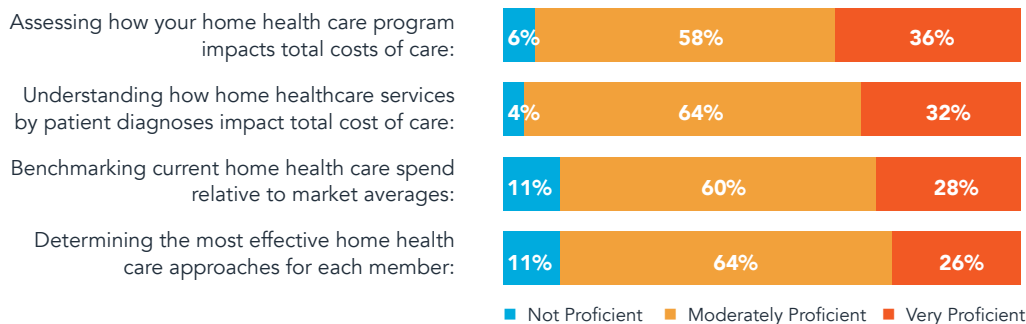
How does the fragmented home care experience impact your organization?

Health plan executives respond:

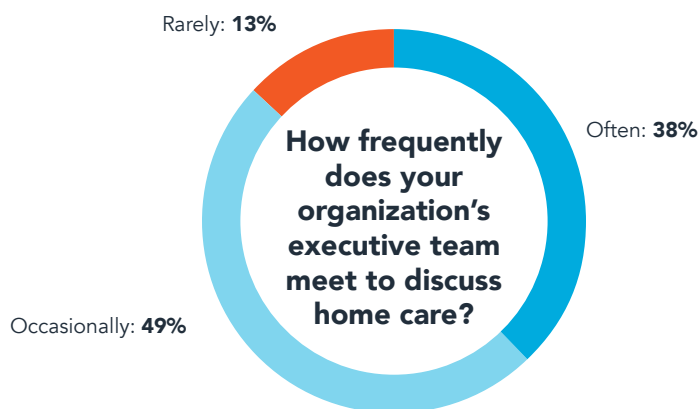
- *“Transition to and from home care ... is highly impactful and confusing to members.”*
- *“Member engagement is key to healthy outcomes and lower cost. Anytime there is a break in the engagement, we risk ‘losing’ the member.”*
- *“It results in higher utilization.”*

Health plan executives also cite key challenges associated with home care strategy and optimization, with only 36% saying they are very proficient at assessing home care’s impact on total costs and 32% saying they are very proficient at understanding how home healthcare services by patient diagnoses impact the total cost of care.

Relative to your home care strategy, how proficient is your organization at each of the following currently?



Despite the challenges associated with home care service delivery, many survey respondents report lack of prioritization at the executive level. Only about one-third said their organization’s executive team often meets to discuss home care.



*0% of respondents answered “Never”

A Better Way

Steps plans should be taking to keep up with mounting demand

As home care becomes an increasingly popular alternative to costly facility-based care, and as its ability to lower the total cost of care is more widely recognized, health plan leaders are likely to focus more time and attention on this long under-recognized and under-appreciated service.

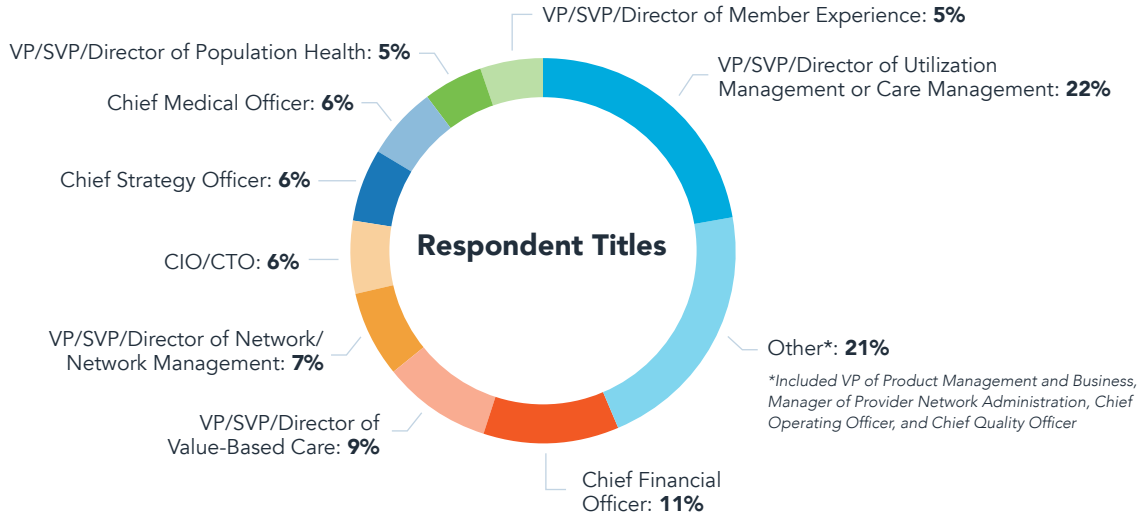
The good news is that more advanced and integrated home care benefits administrators have emerged in recent years to help forward-thinking plans introduce the rigorous technology, analytics, and care coordination capabilities needed to reduce fragmentation and consistently elevate quality.

Here are five steps health plans can take to advance home care quality while improving the total cost of care:

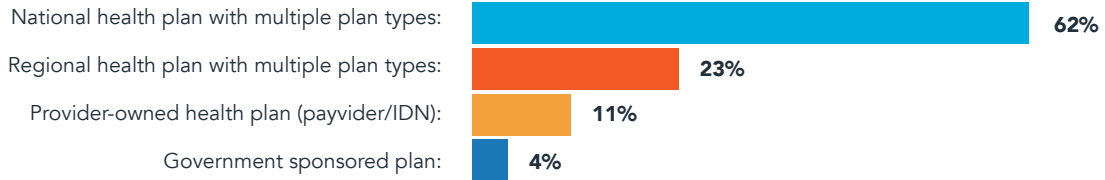
1. Contract with a home care benefits administrator with an integrated model that combines administrative expertise and high-quality home care services. Ideal partners should be able to document high patient satisfaction ratings, a wide provider network, and proven ROI.
2. Explore capitated contracts with the third party to minimize risk for the health plan and align incentives among all stakeholders.
3. Find a third-party partner with a technology platform that enables the health plan to achieve key objectives by better tracking referrals and utilization, improving clinical decision support capabilities, and enhancing real-time communication among all stakeholders. Overall, survey respondents indicated that a strong technology platform could:
 - Improve efficiency for their organization (74%)
 - Reduce staff burnout (15%)
 - Reduce costs (11%)
4. Expand and improve the plan's ability to measure home care performance, including benchmarking home care spend and measuring effective home health approaches for various member cohorts.
5. Increase member satisfaction and engagement by improving the transition from hospital to home, care coordination, and member and provider communications. Look for a partner that offer a wide network of providers and a proven ability to manage a comprehensive array of services that include home health, home infusion, and DME.

Home care is a rapidly evolving field that is becoming more accepted as a critical piece of the overall healthcare delivery system. Health plans that are early adopters of a more coordinated, integrated model supported by advanced technology, so they can enhance care coordination among all stakeholders and ensure high member satisfaction with home care are more likely to emerge as tomorrow's leaders.

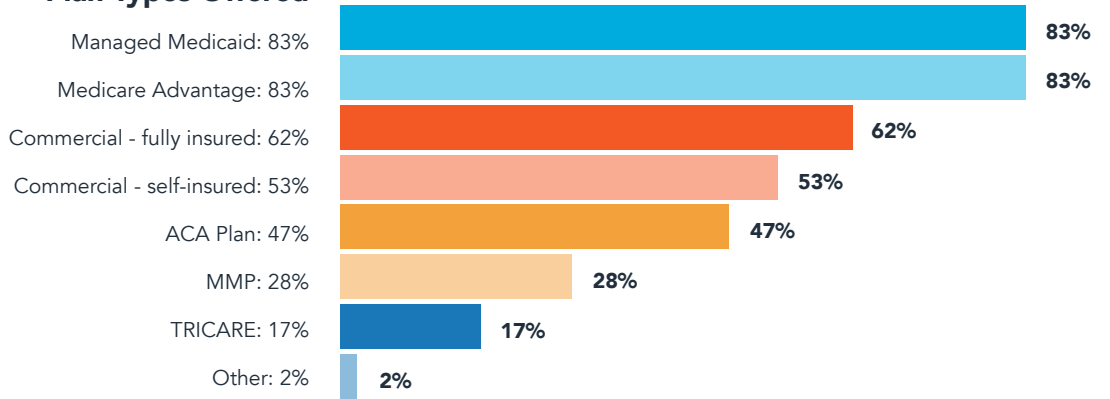
METHODOLOGY



Plan Type



Plan Types Offered



Integrated Home Care Services (IHCS), the nation's leading independent home care benefits administrator, offers a value-based, fully integrated home care model for managed care organizations. Our unique model improves care quality and coordination for over 2 million members, while reducing administrative costs by managing key functions such as network development and management, credentialing, utilization management, and claims. For more information about an integrated home care model, download our [position paper](#), or to learn more about IHCS, please visit ihcscorp.com.