



# THE CASE FOR INTEGRATED HOME CARE

*A Blueprint for Reducing Fragmentation for  
Your Managed Care Organization*

Home care is increasingly valued, but often poorly managed and struggling under the weight of increasing patient demand, misaligned incentives, and complex processes and workflows.

Home care, defined as home health, durable medical equipment (DME), and home infusion is on a rapid growth trajectory. Its growth has been driven by a multitude of factors that include an aging U.S. population, evolving patient and physician preferences, rising healthcare costs, increases in homebound prevalence, and changes in government policies and reimbursement. CMS has projected an [annual growth in home care expenditures](#) of nearly 7% over the next five years.

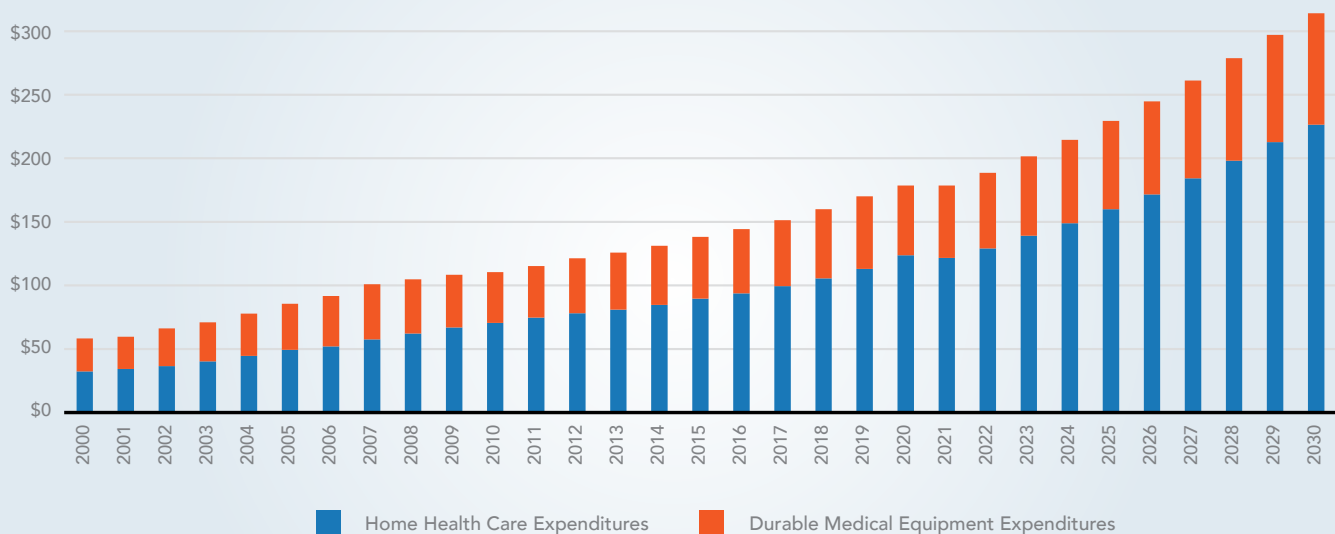
The home care industry is evolving to serve more pre-acute and post-acute patients, [with a surprising two-third of patients referred from the community rather than a hospital](#).

As the recognition of home care’s value as a lower cost, safe, and highly desirable site of care has grown, it has become the new darling of health plans. Virtually all (97%) of health plan executives who responded to a [survey in late 2021](#) said home care is better and more cost effective than facility-based care. [One study](#) found that home care could significantly cut costs and readmission rates; [other studies](#) reported readmission reductions ranging from 8% to 25%. A [2021 review article](#) found that quality-related metrics such as medication adherence, quality of life, satisfaction, and costs improved when patients received home-based services and patient support programs.

**The COVID-19 pandemic further accelerated home care use. The number of people receiving care at home jumped from five million in 2019 to 12 million by the end of the first full year of the COVID pandemic, 2020.**

## Projected and Historic Home Care Expenditures (in billions of USD)

[CMS National Health Expenditure Projections](#)



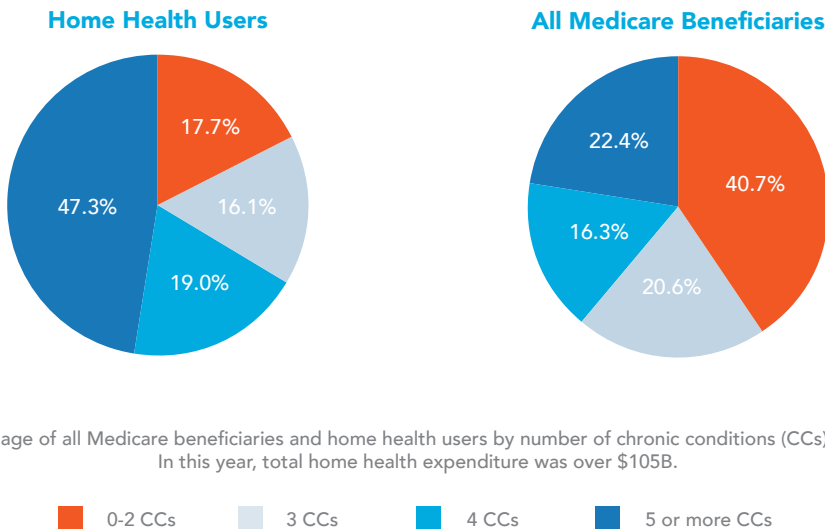
## Managing the Complexity of Home Care

The bad news is that the home care industry suffers from fragmented services and decentralized responsibilities, which result in poorly coordinated care and delays that are the rule rather than the exception. That's unfortunate given the unique demographics of this [medically complex population](#). Approximately half of Medicare home health users have five or more chronic health conditions, one quarter are 85 or older, and more live alone and have more functional limitations than the general Medicare population.

The home health sector of the home care industry also [suffers from an acute staffing shortage](#). Many low-paid home care workers have been recruited to pursue higher-paid positions that are available in hospitals and other industries, while others have left home care due to illnesses and burnout brought on by COVID.

## Demographics of Home Health Users

[AHHQI Home Health Chart Book 2020](#)



Percentage of all Medicare beneficiaries and home health users by number of chronic conditions (CCs) in 2018. In this year, total home health expenditure was over \$105B.

0-2 CCs    3 CCs    4 CCs    5 or more CCs

While home care is far lower cost than facility-based care and only a small portion of the overall spend for health plans, its costs are often poorly managed and too many health plans lack data and analytics about their home care spend. That spend will be hard to control without greater transparency and a realignment of financial incentives among the many stakeholders in the industry.

## Home Care Service Subcategories

- Companion Care
- Attendant Care
- Homemaker
- Respite
- Personal Care
- IV Administration
- Medications
- IV Per Diems
- Physical Therapy
- Speech Therapy
- Occupational Therapy
- Respiratory Therapy
- Social Work
- Pediatric Home Care
- LPN Private Duty Nursing
- RN Private Duty Nursing
- Licensed Practical Nurse
- SN Diabetic Injections
- Home Health Aide
- Registered Nurse
- Enteral Nutrition
- Oxygen
- Home Medical Supplies
- Ventilators

Further, while the direct home care spend is relatively small, the trickle-down effects of poor home care delivery are significant. There is immense waste due to delayed or poorly coordinated care, and [fraud is, and has always been, a problem](#), with [one particular hospice fraud case in Texas costing the government over \\$150M](#).

Jorge Pereda, Chairman of Integrated Home Care Services (IHCS), commented, "Since the pandemic, health plans have become much more aware of the value of home care services, but the home care landscape is still fragmented and disjointed, riddled with fraud, waste, and abuse. Not only does the traditional fee-for-service contracting approach create an uncoordinated referral process into the home, but also the prevailing provider reimbursement methodology continues to be fee-for-service, which completely misaligns provider and payer incentives."

As greater attention and resources shift to home care, health plans find themselves grappling with the problems inherent in current care delivery models. Many plans are burdened with the demands of scheduling and coordinating care and are using staff time and financial resources that could be better put toward other tasks.

Delivering home care is far more complex than most people or plans realize. It requires the ability to apply qualification criteria, determine benefits, and ensure that utilization is being properly managed. It also involves carefully orchestrating a surprising number of care delivery components. For example, if a home health nurse arrives in the patient's home and the drug the patient needs has not been delivered, it's not only a wasted visit but also may result in the patient becoming sicker and needing emergency care or hospital readmission.

Christopher Bradbury, CEO of IHCS, explained, "Unfortunately, this fragmented approach to delivering care is all too common, ultimately lowering the quality of care and patient satisfaction while increasing costs. Like many, I am navigating how to best support family members as they age, confront major health challenges, and seek to maintain quality of life in their home. That's why combating the traditionally fragmented approach and helping individuals stay in their homes and achieve their goals is a passion of mine."

## Building a Value-Based, Integrated Home Care Model

Fortunately, some progressive home care companies have found a better way to address the issues with traditional home care services: An integrated approach that delivers comprehensive, value-based care by combining administrative and clinical functions for home health, DME, and home infusion. Paul Pino, IHCS Chief Development & Analytics Officer, noted, "Research conducted by our medical economics team found that 5 in 10 home health recipients will require DME, 2 in 10 DME recipients will require home health and 8 of 10 and 6 of 10 home infusion patients will require home health and DME, respectively."

After CMS found that a 2016 value-based home care pilot program, called the Home Health Value-Based Purchasing (HHVBP) Model, improved performance and saved costs without increasing risk, it subsequently launched a nationwide HHVBP program in 2022.



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**CHRISTOPHER BRADBURY,**  
CEO, Integrated Home Care Services

This model streamlines hospital discharges, simplifies care-coordination across all home care services, and reduces unnecessary medical costs. It also aligns incentives between payers and providers to drive meaningful savings to health plan customers through efficient utilization and unit cost management.

This approach relies on a capitated payment model in which the home care company serves as the third-party administrator (TPA) that is responsible for all administrative tasks, including network development and oversight management, credentialing, utilization management, and claims processing and payment. It also manages a comprehensive care delivery network that provides home health, home infusion, and durable medical equipment (DME).

Karen Joblove, RN, IHCS Executive VP of Home Health, explained, "The integrated home care model provides a comprehensive, holistic approach by which a single company has the philosophy of, 'We can, and we will, do everything that each patient needs and deserves.'"



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**KAREN JOBLÖVE,**  
RN, IHCS Executive VP  
of Home Health

## Traditional Home Care vs. Integrated Home Care's Solution

	Traditional Home Care	Integrated Home Care
<b>Care delivery</b>	<ul style="list-style-type: none"> <li>• Focused on Medicare and Medicare Advantage</li> <li>• Multiple points of contact for patients and health plans</li> <li>• Uncoordinated referral process that causes delays</li> <li>• Typically need 21 nursing visits</li> <li>• Nurses are less productive and staffing shortages are exacerbated</li> </ul>	<ul style="list-style-type: none"> <li>• Plan-agnostic, and doesn't discriminate against any member types</li> <li>• A single point of contact for patients and health plans</li> <li>• Coordinated referral process ensures patients seen within 24-48 hours</li> <li>• Typically need only 8-12 visits, because home care providers focus on teaching and training for independence</li> <li>• Nurses are more productive, which alleviates staff shortages</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>• Virtually no quality control initiatives</li> <li>• Lower clinical outcomes despite more visits and higher costs to the system</li> </ul>	<ul style="list-style-type: none"> <li>• Performance guarantees for quality and financial performance</li> <li>• Guarantees care for every patient regardless of condition or location</li> </ul>
<b>Administrative functions</b>	<ul style="list-style-type: none"> <li>• Managed by health plan, which typically has limited expertise and is inefficient</li> <li>• Providers lack experience with risk</li> <li>• Difficulty with navigating new reimbursement structures</li> </ul>	<ul style="list-style-type: none"> <li>• The home care provider serves as the TPA to manage all administrative functions, including network development and management, credentialing, utilization management, and claims processing and payment</li> <li>• Outsourcing to an expert streamlines processes and saves money</li> </ul>
<b>Data and analytics</b>	<ul style="list-style-type: none"> <li>• Limited or no analytics lead to inflationary spending and poorer care</li> </ul>	<ul style="list-style-type: none"> <li>• A unified home care platform delivers robust analytics, including comprehensive referral and utilization management tracking data, for complete visibility across all providers and patients</li> <li>• Assess and capture SDOH</li> </ul>
<b>Costs and payment model</b>	<ul style="list-style-type: none"> <li>• Fee-for-service model leads to overutilization</li> <li>• Delayed discharges and care, and unnecessary hospital admissions and readmissions</li> </ul>	<ul style="list-style-type: none"> <li>• Capitation delivers a predictable and repeatable spend on a PMPM basis</li> <li>• Payer/provider incentives are aligned</li> </ul>
<b>Patient satisfaction</b>	<ul style="list-style-type: none"> <li>• Patients experience high rates of dissatisfaction due to care delays and lack of coordination of services</li> </ul>	<ul style="list-style-type: none"> <li>• Patient satisfaction rates are consistently in the 99% range due to having a single point of contact and coordinated services</li> </ul>

## CASE STUDY:

# Successful Clinical and Cost Management Outcomes for A Managed Care Plan

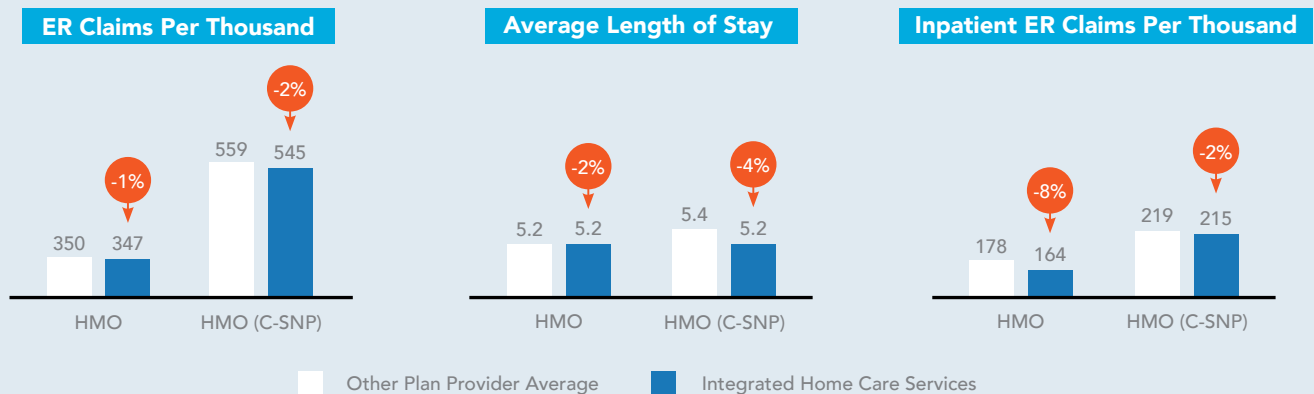
### Challenge

- Plan was experiencing a fragmented and disjointed home care experience with poor coordination of care and an uncontrollable inflationary trend
- Poor network management and lack of coordination around home care services created higher reliance on institutional-based care

### Solution

- Accepted contractual accountability for staffing and coordinating patient care in an efficient and timely manner
- Entered into a value-based contract with the health plan, reducing their overall cost of care and committing to a two-year financial agreement
- Focused on improving member access to home care and the continued availability of home care staffing as well as streamlined access to the provider network
- In conjunction with the health plan, developed a home care strategy that prioritized care coordination and improved overall patient staffing and outcomes

### Outcomes



- Results measure institutionally-based benchmarks six months before and after the transition into IHCS services
  - » Represents intra-plan, cohort-matched comparable data
- Improved outcomes were generated with no additional increase in home care expense to the plan
  - » IHCS controlled home care-related utilization by focused on expediting care and patient improvement rather than increasing patient visits

## The Many Benefits of an Integrated Home Care Model

The integrated model ensures continuity and coordinated services so that health plans can efficiently move members into the most cost effective and desirable place: the home. The transformative experience of health plans using this approach is a testament to its ability to overhaul the fragmented home care model into an efficient, high-quality care delivery system that creates a single point of contact with the following benefits:

### 1. Lowered total cost of care and reduced unnecessary utilization

The integrated model can reduce unnecessary hospitalizations and readmissions, cut length of stay, and prevent many health crises that are harmful both to patients and to their health plans' bottom lines. In place of delayed discharge planning and uncontrolled readmissions and ED visits, an integrated model works in partnership with health plans and providers to plan for discharges upon admission, deliver timely and coordinated care that keeps patients from getting in trouble, and align financial incentives among all parties to deliver value-based care.

**Having a partner with a capitated payment model gives health plans a predictable per member per month (PMPM) home care spend.**

However, most organizations are not able to develop and manage the comprehensive array of home care services across a wide range of providers and geographic regions that are needed to make this model work. Nor can they manage the complex administrative services that are required. Finding partners with this expertise is rare, but essential to the health plan's success.

Linda Mendez, COO of IHCS, explained how their model works. "Not only are we a home care benefits administrator that coordinates care and pays claims, but we're a provider that

has the ability to leverage our network of DME, home health, and home infusion companies, and when necessary can deploy our own proprietary assets or invest in new markets. We have years of experience delivering all of these services. Using that expertise, we can actively manage and support our provider network, as opposed to most firms that just receive orders and send it on to a home health agency. We create report cards on each agency we contract with, apply criteria, and require clinical justification or documentation that show the need for each service or DME equipment."

### 2. Reduced administrative overhead and burden

Given the many regulations governing home care services and the decentralized nature of the care delivery network, health plans typically devote a large team of people to oversee the administration of home care services. The integrated model steps in to ease this burden for the plan, essentially serving as a seamless extension of the health plan for the member by assuming the wide range of tasks such as applying qualification criteria, determining benefits, and managing utilization.

While DME, home health, and home infusion are a small percentage of the healthcare premium, these aspects of member care are time-consuming and cumbersome for health plans to manage. A well-run integrated company can more efficiently manage all of these services and free up staff, providing performance guarantees so that the health plan can be assured that its staff and its

members are well served.

Bradbury explained, “We can impact their administrative overhead in addition to their total cost of care by taking on key functions such as network development, management, credentialing, utilization management, and claims processing and payment. The health plan can then repurpose all of these employees into more focused areas. One plan repurposed over 100 employees. That makes for a long-standing, mutually beneficial relationship.”

### 3. Improved care quality

The downstream benefits of more coordinated care are enormous: When care is coordinated, the plan keeps patients healthier, streamlines hospital discharges, and reduces readmission rates and emergency visits. But achieving that orchestration requires a company that has the expertise to apply the right criteria, accurately apply benefits, and ensure proper utilization management.

When the integrated home care provider coordinates care with hospital staff, and discharge planning begins the day of admission, members and health plans benefit.

Pereda observed, “Under fee-for-service, the provider is incentivized for volumes and patient dependency; that way, they can continue to ring the cash register every month. They have no incentive to teach and train patients to become independent.”

By contrast, the integrated care model focuses on having the patient take ownership to become more independent, with the help of family members, neighbors, or other close contacts. One example is that the integrated model has an incentive to teach a patient and

family how to bandage or change a dressing so that the nurse doesn’t have to visit every day.

As a result, the nurses in this model can impact a patient’s health within eight to 12 visits, whereas a nurse in a typical fee-for-service model sees the patient every day for 21 days. That’s better for patients and health plans, because fewer staff can take care of more patients, and therefore lower costs. Given the staffing shortages today, that aspect is a critical feature of the integrated model.

“If we can’t use one of our network providers, we leverage our proprietary providers,” Pereda continued. “For example, we have a vast network of home health agencies that specializes in nothing but pediatric care. We’re able to ensure that no matter what the patient’s need is—or how limited care is in that area—we have the resources to provide them with exactly what they need.”

### 4. Improved member and patient satisfaction

CMS’ Star Ratings for Medicare Advantage plans began including Consumer Assessment of Healthcare Providers and Systems (CAHPS) results in 2021, and it is making the member experience a far more important component of the overall rating. As a result, it will be harder for health plans to maintain or achieve a 4-star rating.

Beyond the ratings game, improving member satisfaction helps to reduce costly member churn.

To achieve superior member satisfaction, the model should ensure that patients are seen within 24-48 hours, so they can begin receiving the care they need. Outbound calls to patients should be made frequently to ensure that they have received services and are satisfied with them. The model should also monitor complaints to

“Delivering the utmost in patient satisfaction by going above and beyond is in our culture, which is embedded not only in our people but in our processes.”

**KAREN JOBLOVE**  
RN, IHCS Executive  
VP of Home Health



ensure that the providers are meeting the service and care expectations of their patients.

Mendez stated, "IHCS has dedicated staff that conduct monthly patient satisfaction surveys by telephone to ensure its services consistently exceed a 90% satisfaction rate, with most surveys returning a 99%+ satisfaction rating across all four metrics."

**5. Fully-transparent, cross-sectional source of truth for information**

Many health plans have experienced uncontrolled home care inflation trends. However, because home care is a small part of their overall medical spend, they often don't recognize the issue until their data is scrubbed.

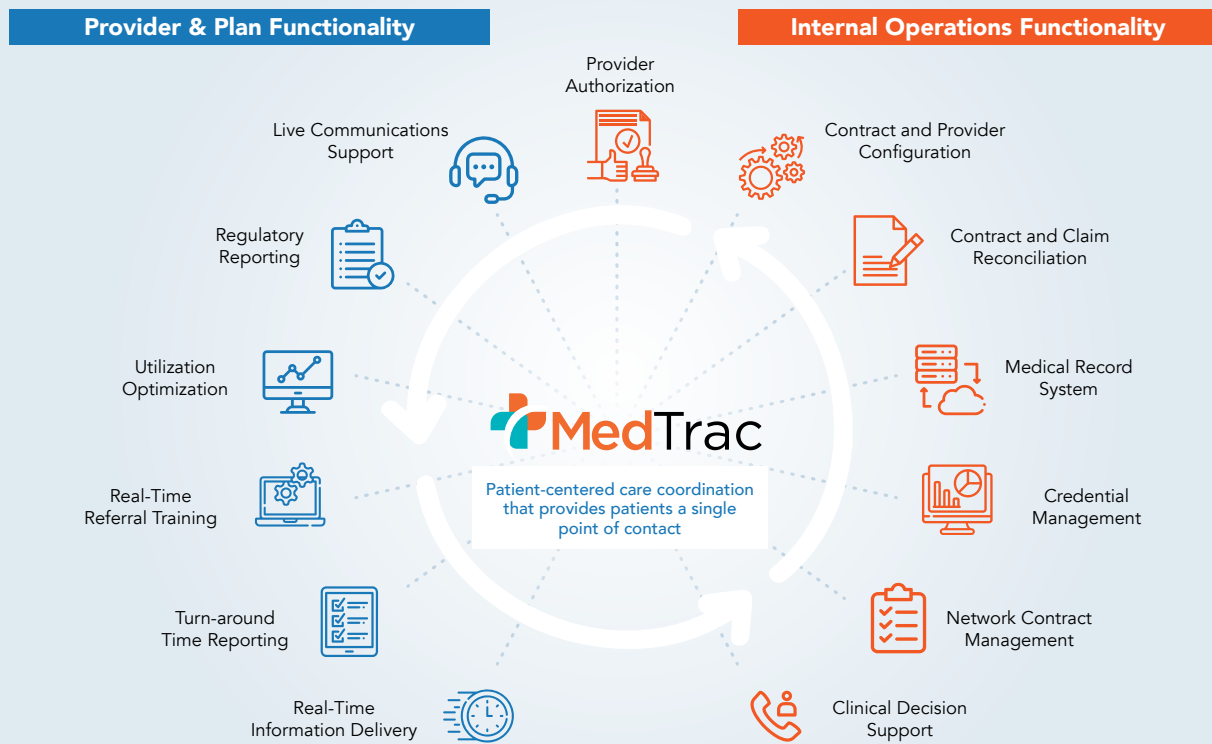
Contrasting those delayed insights is IHCS' comprehensive referral and utilization management tracking system, MedTrac, which

delivers complete visibility across all providers and patients. IHCS can offer health plans this proprietary tracking system combined with other best-of-breed solutions to continually monitor and analyze the entire home care ecosystem.

Mendez explained, "When everyone uses the same IT system and is well trained, it vastly improves efficiency and coordination. Each health plan can log in and look at each member's record to see when the referral was received, review discharge information, and determine when an order is complete and who completed it. The health plans then have the same visibility into the care as they would if IHCS were a division of their company."

She added, "In some cases, we even have an employee working in the health plan's utilization management department as a direct liaison."

**Comprehensive Referral and Utilization Management Platform**



## 6. Flexible, strategic network model that enables rapid scaling

The integrated model can also help health plans scale rapidly as their membership expands and/or as the need for home care services grows. IHCS improves service and achieves scalability by having a large group of proprietary providers that are complemented by a credentialed provider network.

## 7. Improved HEDIS measures and compliance

Joblove explained, "Integrated home care can help health plans meet their Healthcare Effectiveness Data and Information Set (HEDIS) measures. If the primary care

physicians help health plans meet the HEDIS measures, they have the potential for higher incentives, and IHCS can help them achieve this. When health plans ask for information to track physician performance, IHCS can easily provide it."

She continued, "We make it a point to understand federal and state regulations and keep abreast of changes so we can assist health plans to meet compliance goals."

Donna Gale, VP of Compliance at IHCS, said, "Our commitment to compliance ensures that our health plan partners no longer have to shoulder this burden alone. It's one other way in which our relationship is a true partnership rather than one that is merely transactional."

## Members Deserve a Coordinated, Integrated Care Delivery System

Home care has tremendous potential to alleviate many of the ills of the current healthcare system but it must be well managed. Health plans should not assume that their current home care providers are offering a high-quality, low-cost delivery option for patients. The current home care market is fragmented, leading to waste and inefficiency as well as poorly coordinated care.

"Health plans should strongly consider partnering with home care experts just as they do with experts in behavioral health, imaging, and other specialized services," said Josh Holmes, Senior VP of Business Development at IHCS. Many plans have found that managing the complexities of home care inefficiently uses staff time and financial resources that could be better put toward other tasks. An integrated, risk-based home care model that offers benefits administration services, robust analytics, and a comprehensive care delivery ecosystem enables payers to optimally manage care and costs while offloading many of the headaches and responsibilities entailed in managing a large network of providers. Members deserve nothing less.



### Integrated Home Care Services, Inc.

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, management, and credentialing, utilization management, and claims.