



Senior Financial Managers Summit

HCA Update

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State of the Home Care Industry Report 2019



Background

- In Dec 2018 and early 2019, HCA conducted a detailed survey on the financial condition of home care agencies and their experience with system changes. Along with this survey – which asked for detailed financial information – we conducted an analysis of Medicaid Home Care Cost Reports, Statistical Reports and Medicaid Managed Care Operating Reports (MMCORs) for all home care agencies and managed long term care plans in the state.
- We thank those of you in the membership that responded!

Significant Highlights – Home Care Perspective

- HCA's survey found that 72% of Certified Home Health Agencies (CHHAs) reported negative operating margins in 2017, up from 70% of all CHHAs that had negative operating margins in 2015.
- In 2017, according to our survey data, the average CHHA operating margin was -11.95%. In 2015 (based on Medicaid Cost Report Data) the average CHHA operating margin was -7.30% statewide.
- Why? Over 60% of a home care provider's Medicaid revenue in New York State comes from Medicaid Managed Care (MLTCs and mainstream managed care) contracts, while 35-40% comes directly from the state, via CHHA EPS or FFS billing.
- HCA survey found that 65% of LHCSAs reported negative operating margins in 2017.
- And 42% of all LHCSAs in 2017-18 had to use a line of credit or borrow money to pay for operating expenses.
- Home Care revenues (from all payors) remain in Accounts Receivable for an average number of 58 days.





MLTC Highlights

- 64% of MMCORs submitted by Managed Long Term Care (MLTC) plans had negative premium incomes in 2017, up from 42% in 2012 (a 40% increase since 2012). A negative premium income means that the state's payment to the plan is less than the plan's costs and adversely affects its capacity to reimburse services delivered by downstream home care and other providers.
- Approximately 60% of all MMCORs submitted by MLTCs had medical expense ratios over 90% in 2017 compared to 42% of MLTCs in 2015. This indicates that PMPM revenues from the state are not sufficient to meet overall plan medical expenses to pay CHHAs, LHCSAs and other network providers adequately.



Hospice Highlights

- HCA represents approximately one-third of the state's hospice organizations, who deliver skilled, compassionate care to patients and their families so that they receive the support, help and guidance they need to meet the challenges of serious illness.
- Unfortunately, New York's Medicaid hospice benefit is significantly underutilized.
- 74% of hospices in the state had negative operating margins when compared with their net patient revenue;
- For 2016 to 2017, the average operating margin for all hospices statewide was negative - 16.57% (calculated using net patient revenue).
- In 2017, the total statewide operating losses for all hospices was minus-\$79 million (calculated using net patient revenue).
- Hospices only receive 4.3% of their total revenue from Medicaid, while Medicare revenue represents 86.7% and other insurer revenue represents 9%.



Other Labor / Staffing & DSRIP Highlights

- A home care agency's average home health aide turnover rate is 28.88%. Forty-two percent of agencies in HCA's survey reported a home health aide turnover rate of 30% or higher, with the highest turnover rate being 58%.
- The average RN/professional staff turnover rate is 23.63%. Twenty-four percent of agencies reported an RN/professional turnover rate of 30% or higher, with the highest turnover rate being 80%.
- Thirty percent of home care agencies report that DSRIP PPSs have "not involved them at all" in DSRIP activities.
- Twenty percent of home care agencies report not receiving any payment directly from a DSRIP PPS.
- The last two pages of the report show the growing demand for home care workers both nationally and here in New York.

State Medicaid Issues

- In Packet: See HCA's Detailed Policy Memo on the Governor's 2019-20 Proposed Executive Budget (HCA's President Al Cardillo will summarize)
- In Packet: HCA's 2019-20 State Budget Requests





Other State Medicaid Updates

- A CHHA EPS minimum wage adjustment was made for NYC providers in 2017. HCA still working with DOH so that a minimum wage adjustment is made to the CHHA EPS for NYC providers for 2018 and 2019.
- The OMIG is finishing the CHHA EPS Overpayments Audit – \$16.6 million between May 1, 2013 thru December 31, 2016. Unfortunately, CHHAs should expect a similar type audit for CY 2017 and 2018 – possible to start later this year or early next year.
- TPL Demand Bill Letters went out recently for second half of FFY 2018 (April 1, 2018 through September 30, 2018) claims. The OMIG and UMass have also reached a TPL Settlement agreement with the U.S. Department of Health and Human Services (HHS) and lump sum settlement monies are being funneled through providers who are then expected to pass along that money to the State.



Federal / Medicare Issues



HCA's Federal Advocacy

- HCA President Al Cardillo and I recently visited NY's Congressional Delegation in Washington DC to discuss our federal advocacy agenda:
- Reviewed HCA's State of the Industry Report with Members
- Support Home Health Payment Innovation Act of 2019 (S.433 – Introduced by Senator Susan Collins (R: Maine))

It is unclear how CMS arrives at a budget-neutral position when the Patient Driven Groupings Model (PDGM) Medicare Payment methodology includes a front-loaded rate cut proposed at an astonishing \$1 billion (or 6.42%) nationally in 2020. This cut is being called a “behavioral adjustment,” so that CMS can surreptitiously cut providers by projecting that they will alter their coding and other claim-submission practices in order to achieve higher payments or to bypass new financial disincentives/corrections.



S.433 would:

- Require Medicare to institute rate adjustments only upon evidence that home health agency behavioral changes actually occur, basing any behavioral adjustment on real “observed evidence,” rather than mere assumptions about future behavior.
- Ensure Medicare budget-neutrality but require the phase-in of any necessary rate increases or decreases to be no greater than 2% per year to limit the risk of disruption in care.

Other Discussion Areas Included:

- Make 3% Medicare Rural Add-On Permanent for Home Health Services in Rural Areas
- Discussed the inequities of the Medicare Home Health Wage Index in NYS with a focus on NYC and the Albany-Schenectady-Troy regions.
- HCA’s involvement in positive and cost saving initiatives such as the Sepsis Tool and Asthma Management project.

NGS Updates

- See Packets for HCA Policy Memo's on Recent Home Health & Hospice Advisory Meeting Updates with NGS.
- NGS Home Health & Hospice POE Advisory Meetings are held 3 times a year and HCA is a Regular Participants and provides details Memo's for the Membership.
- The NGS memos include regular updates on Targeted Probe and Educate (TPE) initiatives, CERT results, upcoming NGS Education and various audit and reimbursement activities.



HCA's Data Webpage





HCA's Data Webpage Updates

HCA staff have posted a number of new updates to our HCA Data website at <http://www.hca-nys.org/data.cfm> which includes the following highlights:

- The latest 2019 CHHA, Long Term Home Health Care Programs (LTHHCPs), Licensed Home Care Services Agencies (LHCSAs) and Hospice Directories from the State Department of Health (DOH);
- 2016 CHHA Medicaid Cost Report data as well the 4th quarter 2017 Medicaid Managed Care Operating Reports (MMCORs) submitted by MLTCs and PACE plans. We have just received the 2017 CHHA Cost Reports and will be posting an updated spreadsheet to the Data page later in April.
- 2016 Medicare Hospice Cost Report Data.
- HCA will be submitting a FOIL requests to the DOH for the 4th Quarter 2018 MMCORs submitted by MLTCs, PACE and MAP plans. Expect to post that new data to the HCA Data page in June.
- HCA will be posting detailed 2016 LHCSA Statistical Report Data in the near future.



Thank you!

