



Industry Perspectives: Minnesota

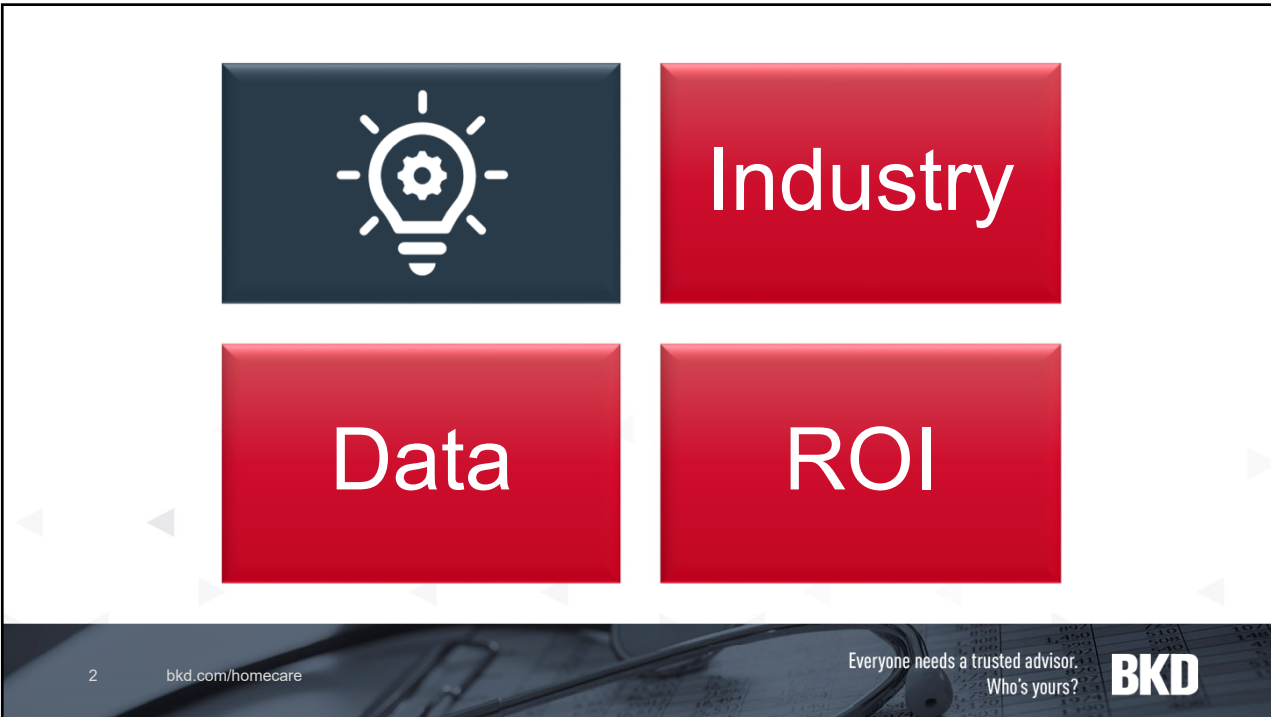
M. Aaron Little, CPA
Managing Director
BKD, LLP
mlittle@bkd.com

Mark Sharp, CPA
Partner
BKD, LLP
msharp@bkd.com

bkd.com/homecare



1




Industry

Data

ROI

2 bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?



2

3 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

3

Industry | Home Health Margins

Margin	<u>Minnesota</u>		<u>Nation</u>	
	Median	Best 25%	Median	Best 25%
Gross margin ¹	39.0%	44.0%	47.0%	57.0%
Net margin ¹	2.0%	8.3%	3.6%	11.6%
Medicare margin ²	16.0%	29.8%	14.8%	26.2%

Source: BKD Medicare cost report database for years ended in 2019

¹Includes freestanding agencies only
²Includes freestanding and hospital-based agencies before adding provider-based overhead cost allocations

4 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

4

Industry | Hospice Margins

Margin	Minnesota		Nation	
	Median	Best 25%	Median	Best 25%
Net margin	10.6%	18.9%	8.7%	20.6%
Medicare margin	17.6%	25.1%	14.5%	26.7%

Source: BKD Medicare cost report database for years ended in 2019. Includes freestanding agencies only.

5

bkd.com/homecare

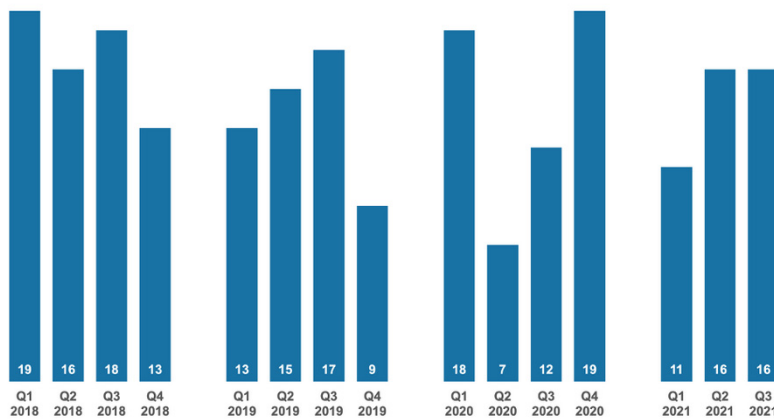
Everyone needs a trusted advisor.
Who's yours?

BKD

5

Industry | Consolidation Continues

Medicare Certified Home Health Transactions by Quarter



Source: [Mertz Taggart](#)

6

bkd.com/homecare

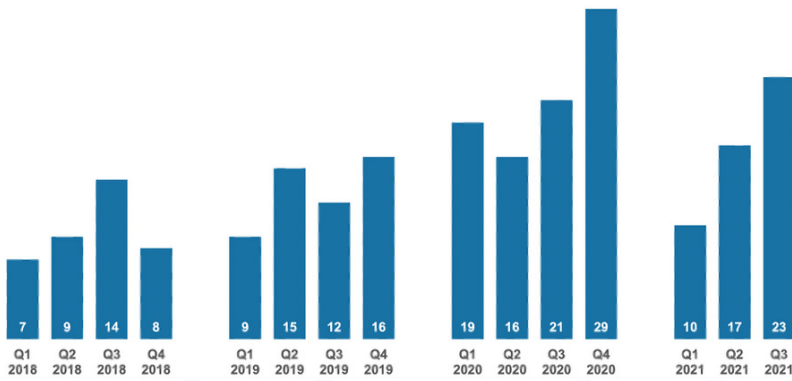
Everyone needs a trusted advisor.
Who's yours?

BKD

6

Industry | Consolidation Continues

Hospice Transactions by Quarter



Source: [Mertz Taggart](#)

7

bkd.com/homecare

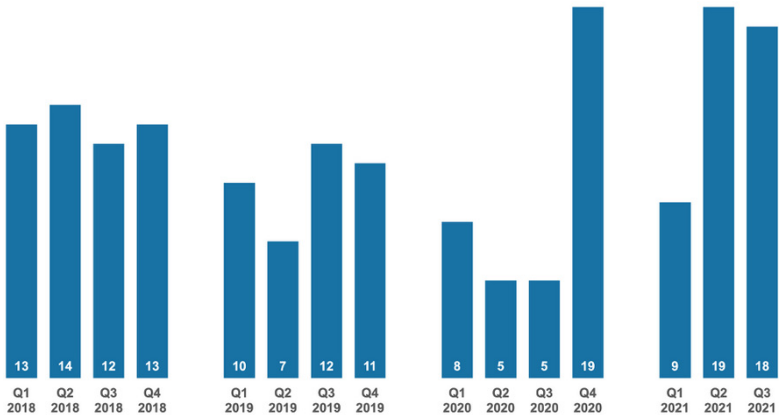
Everyone needs a trusted advisor.
Who's yours?



7

Industry | Consolidation Continues

Home Care Transactions by Quarter



Source: [Mertz Taggart](#)

8

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?



8

Industry | Consolidation Continues

Sheridan Capital Partners Invests in SimiTree Healthcare Consulting

May 18, 2021 11:30 AM Eastern Daylight Time

SimiTree Acquires Imark Billing, Expands Revenue Cycle Outsourcing Services

Hearst Agrees To Acquire CellTrak, A Leading Provider of Care Documentation Software Solutions

Netsmart Acquires Selman-Holman to Join McBee Financial, Clinical and Operational Strategic Advisory Services

HPS Acquires 5 Star Consultants to Expand Clinical Services, Coding & OASIS Review

9

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD

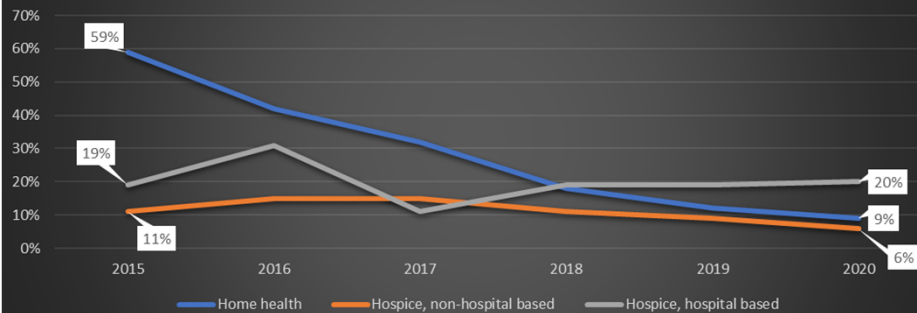
9

Industry | Compliance Still a Focus

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

2020 MEDICARE FEE-FOR-SERVICE SUPPLEMENTAL IMPROPER PAYMENT DATA

CERT Improper Payment Trend



10

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD


10

Industry | Top Concerns

Workforce	COVID surge & vaccine	Imposed change (VBP, VBID, etc.)	Revenue diversification
Quality accountability	Payer relationships	Succession	Applying technology

11 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

11

	Industry
Data	ROI

12 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

12

Data

- MA penetration
- Medicare cost report
- VBP

13

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD

13

State	MA Penetration
Nation (median)	41%
Puerto Rico	81%
Minnesota	53%
Michigan	53%
Rhode Island	52%
Florida	52%
Alabama	51%
Hawaii	50%
Wisconsin	50%
Oregon	50%
Ohio	50%

Source: CMS

14

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD

14

Data | Medicare Cost Report

Medicare cost report data

- 2019 data most recent
- Freestanding & hospital-based home health agencies
- Freestanding hospices
- Scrubbed to exclude "bad data"
- Revenue, volume, utilization & cost data

15

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD

15

Home Health KPIs	Minnesota	Nation
Total agencies in database	103	8,215
Freestanding	60%	91%
Hospital-based	40%	9%
Rural	48%	36%
Urban	52%	64%
Median revenue size	\$2.7 million	\$1.9 million
Median unduplicated number of patients	292	333
Median Medicare payer mix	40%	73%
Median average Medicare revenue per patient	\$3,660	\$4,636
Days in receivable (freestanding only)	55 days	53 days

16

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD

16

Home Health KPIs	Minnesota		Nation	
	Median	Best 25%	Median	Best 25%
Indirect cost per patient	\$1,133	\$781	\$1,699	\$989
Direct cost per patient	\$2,573	\$1,675	\$2,020	\$1,377
<u>Direct cost per visit</u>				
SN	\$116	\$92	\$71	\$53
PT	\$96	\$76	\$86	\$73
OT	\$91	\$68	\$83	\$68
SLP	\$99	\$72	\$90	\$72
MSW	\$129	\$74	\$95	\$72
HHA	\$44	\$28	\$29	\$20

17 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

17

Hospice KPIs	Minnesota	Nation
Total agencies in database	34	3,630
Freestanding	100%	100%
Rural	21%	12%
Urban	79%	88%
Median revenue size	\$2.2 million	\$2.4 million
Median average daily census	37	43
Median Medicare payer mix	97%	95%
Median average Medicare revenue per day	\$175	\$159

18 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

18

Hospice KPIs	Minnesota		Nation	
	Median	Best 25%	Median	Best 25%
<u>Average cost per day per level of care</u>				
Routine home care	\$144	\$123	\$131	\$110
Continuous	\$871	\$777	\$915	\$623
Inpatient respite	\$368	\$238	\$332	\$269
General inpatient	\$1,105	\$873	\$965	\$747

19 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

19

VBP Quality Measure	Data Source	Publicly Reported Measure	Used in Star Rating	Non-VBP Average Achievement Threshold*	Non-VBP Average Benchmark*
TNC self-care	OASIS	N/A	N/A	1.565	2.161
TNC mobility		N/A	N/A	0.554	0.767
Oral medications		Care Compare	N/A	51.6%	75.9%
Dyspnea		Care Compare	Star rating	63.8%	87.3%
Discharged to community		N/A	N/A	69.3%	85.3%
Acute care hospitalization	Claims	Care Compare	Star rating	15.6%	8.7%
ED use		Care Compare	N/A	12.3%	5.9%
Professional care	HHCAHPS	Care Compare	Star rating	88.9%	94.0%
Communication		Care Compare	Star rating	85.8%	92.3%
Team discussion		Care Compare	Star rating	83.9%	91.6%
Overall rating		Care Compare	Star rating	84.9%	93.2%
Willingness to recommend		Care Compare	Star rating	79.6%	90.5%

*Source: Home health VBP Fourth Annual Report Technical Appendices

20

VBP Quality Measure	Data Source	Publicly Reported Measure	Number of Minnesota HHAs Below Threshold**	Non-VBP Average Achievement Threshold*	Number of Minnesota HHAs Above Threshold**
TNC self-care	OASIS	N/A	N/A	1.565	N/A
TNC mobility		N/A	N/A	0.554	N/A
Oral medications		Care Compare	39	51.6%	82
Dyspnea		Care Compare	30	63.8%	78
Discharged to community		N/A	N/A	69.3%	N/A
Acute care hospitalization	Claims	Care Compare	55	15.6%	29
ED use		Care Compare	27	12.3%	57
Professional care	HHCAHPS	Care Compare	68	88.9%	50
Communication		Care Compare	59	85.8%	59
Team discussion		Care Compare	69	83.9%	49
Overall rating		Care Compare	72	84.9%	46
Willingness to recommend		Care Compare	71	79.6%	47
*Source: Home health VBP Fourth Annual Report Technical Appendices					
**Source: CMS Care Compare data for 2019 publicly available as of July 2021					

21

VBP Quality Measure	Data Source	Publicly Reported Measure	Number of Minnesota HHAs Below Benchmark**	Non-VBP Average Benchmark*	Number of Minnesota HHAs Above Benchmark**
TNC self-care	OASIS	N/A	N/A	2.161	N/A
TNC mobility		N/A	N/A	0.767	N/A
Oral medications		Care Compare	106	75.9%	15
Dyspnea		Care Compare	103	87.3%	5
Discharged to community		N/A	N/A	85.3%	N/A
Acute care hospitalization	Claims	Care Compare	9	8.7%	75
ED use		Care Compare	2	5.9%	82
Professional care	HHCAHPS	Care Compare	110	94.0%	8
Communication		Care Compare	115	92.3%	3
Team discussion		Care Compare	111	91.6%	7
Overall rating		Care Compare	107	93.2%	11
Willingness to recommend		Care Compare	111	90.5%	7
*Source: Home health VBP Fourth Annual Report Technical Appendices					
**Source: CMS Care Compare data for 2019 publicly available as of July 2021					

22

23 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

23

ROI | Member Expectations

	Minimum expectations				
State associations→	Advocacy	Education, competition	Resources, data & tools	Additional value/ROI	
Provider members→	Advocacy	Education, beyond virtual	Resources	Additional value/ROI	
Associate members→	Industry support	Data & thought leadership	Exposure to members	Relationships & meaningful engagement	

24 bkd.com/homecare Everyone needs a trusted advisor. Who's yours? **BKD**

24

ROI | Member Needs

Workforce recruitment, retention & development

“Partnering” with other health care providers

Building out new programs

Market positioning & relevance

Developing payer relationships

Succession planning

Applying technology in care delivery

Data tools & resources

25

bkd.com/homecare

Everyone needs a trusted advisor.
Who's yours?

BKD

25

Questions?

26

Thank You!

bkd.com/homecare



M. Aaron Little, CPA
Managing Director
BKD, LLP
mittle@bkd.com



Mark Sharp, CPA
Partner
BKD, LLP
msharp@bkd.com

