“How to Create Winning Partnerships with ACOs”

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Principal and Consultant, OneOnOne Home Care Solutions
Managing Partner, Cypress HomeCare Solutions

John Marchica
President/CEO, Darwin Research Group

AGENDA

• ACO Status Update - performance, new ACO models
• Just In: Highlights from Darwin’s ACO and Home Health executive panel research
• Creating a winning value proposition: The Readmission Story
• Targeting and approaching the right ACO partner
• Q&A
OneOnOne was created specifically for individuals needing assistance with their current business or for those seeking to start their own home care agency.

We assist our clients by providing them with personalized one-on-one consulting services.

We believe our success is attributed to using our industry knowledge, experience and technological expertise.

Darwin Research Group provides strategic information services for our healthcare clients, specializing in healthcare provider systems and life sciences. We solve difficult problems and promote understanding about the evolving healthcare ecosystem.

Through our unique relationships and growing knowledge base, we empower our clients with the tools to navigate change and become more profitable enterprises.
I. ACO STATUS UPDATE

ACO MODELS

- Pioneer (19)
- Medicare Shared Savings Program
  - MSSP—Tracks 1 and 2
  - Advance Payment
  - Investment Model
  - Next Generation
- Medicaid (9)
- Specialty ACO
- Commercial ACO (1000+)
- Employer-based ACO
- Local government-based ACO

Has Medicaid ACO
Exploring Medicaid ACO Option
ACO GROWTH: MEDICARE vs COMMERCIAL

Source: Mark McLellan, Brookings Institute, Presented at 2015 June ACO Summit

<table>
<thead>
<tr>
<th></th>
<th>BCBS/Anthem</th>
<th>UnitedHealthcare</th>
<th>Cigna</th>
<th>Aetna</th>
</tr>
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<tbody>
<tr>
<td>Number of ACOs</td>
<td>450</td>
<td>520</td>
<td>123</td>
<td>60</td>
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<td>Geographic Reach</td>
<td>32 states</td>
<td>48 states</td>
<td>29 states</td>
<td>18 states</td>
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<tr>
<td>Covered Lives</td>
<td>25 million</td>
<td>11 million</td>
<td>1.3 million</td>
<td>750,000</td>
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<td>Brand</td>
<td>BCBS ACO, Alternative Quality Contract (AQC)</td>
<td>ACO under Accountable Care</td>
<td>Collaborative Accountable Care</td>
<td>Accountable Care Solutions under Aetna Whole Health</td>
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<tr>
<td>Key Agreements</td>
<td>Sutter Health, Dignity Health, Hill Physicians, Advocate, Partners, Texas Medical Association</td>
<td>Advocate, Arizona Care Network, ProHealth, Palo Alto Medical Foundation</td>
<td>Cleveland Clinic, Brown &amp; Toland, Palo Alto Medical Foundation, Tenet</td>
<td>Baylor Scott &amp; White Quality Alliance, Banner Health, Memorial Hermann</td>
</tr>
</tbody>
</table>

COMMERCIAL ACO ACTIVITY

Source: National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
ACO STRUCTURE
PAYMENT MODELS EVOLVING

Medicare payments are tied to quality or value through alternative payment models by the end of 2016, 50% by end of 2018

Medicare fee-for-service payments are tied to quality or value by the end of 2016, 90% by end of 2018

#1 Issue Affecting Patient Care: Patient Engagement/Accountability
#1 Issue Affecting Costs: Patient Engagement and Buy-in from the hospital associated with ACO (tie)
REDUCING READMISSION RATES
Importance vs Effectiveness (Rank Order), 2014

Source: Darwin Research Group, ACO Executive Panel, ACO Outlook 2015
National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708

REDUCING READMISSION RATES
Importance vs Effectiveness, 2015

Source: Darwin Research Group, ACO Executive Panel, ACO Outlook 2015
National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
INDEPENDENCE AT HOME DEMONSTRATION
BRINGING BACK THE HOUSE CALL

- Serves 8,400 Medicare beneficiaries

- In order to be accepted into the program, participating practices were required to demonstrate experience in providing care in the home to high-cost, chronically ill beneficiaries.

- Selected providers include primary care and other multidisciplinary teams led by physicians or nurse practitioners, are organized for the purpose of providing physicians services, and serve at least 200 beneficiaries.

Beneficiaries participating in the demonstration had:
- Fewer 30-day readmissions
- Follow-up from their provider within 48 hours of hospital admission, discharge or ER visit
- Medications verified by their provider within 48 hours of hospital discharge
- Preferences documented by their provider
- Less use of ER and inpatient hospital services for diabetes, high blood pressure, asthma, pneumonia or urinary tract infection

<table>
<thead>
<tr>
<th>Practice Name</th>
<th>PBPM Target</th>
<th>PBPM Actual</th>
<th>Practice Incentive Payment</th>
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<tr>
<td>Boston Medical Center</td>
<td>$4,781</td>
<td>$4,741</td>
<td></td>
</tr>
<tr>
<td>Christiana Care Health System</td>
<td>$5,192</td>
<td>$5,421</td>
<td></td>
</tr>
<tr>
<td>Cleveland Clinic Home Care Services</td>
<td>$4,778</td>
<td>$4,434</td>
<td></td>
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<tr>
<td>Doctors on Call</td>
<td>$5,756</td>
<td>$5,547</td>
<td></td>
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<tr>
<td>Doctors Making Housecalls</td>
<td>$3,638</td>
<td>$3,415</td>
<td>$775,427</td>
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<tr>
<td>Housecall Providers, Inc.</td>
<td>$3,568</td>
<td>$2,434</td>
<td>$1,228,263</td>
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<td>MD2U-KY, MD2U-IN</td>
<td>$4,477</td>
<td>$4,753</td>
<td></td>
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<tr>
<td>House Call Doctors Inc.</td>
<td>$5,210</td>
<td>$5,384</td>
<td></td>
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<tr>
<td>North Shore-Long Island Jewish Care</td>
<td>$3,547</td>
<td>$3,024</td>
<td>$542,323</td>
</tr>
<tr>
<td>VPA Jacksonville</td>
<td>$4,673</td>
<td>$4,213</td>
<td>$711,527</td>
</tr>
<tr>
<td>VPA Dallas</td>
<td>$4,857</td>
<td>$4,088</td>
<td>$1,727,392</td>
</tr>
<tr>
<td>VPA Flint</td>
<td>$5,471</td>
<td>$4,404</td>
<td>$2,915,062</td>
</tr>
<tr>
<td>VPA Lansing</td>
<td>$4,886</td>
<td>$4,134</td>
<td>$1,018,857</td>
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<tr>
<td>VPA Milwaukee</td>
<td>$3,953</td>
<td>$3,059</td>
<td>$1,443,964</td>
</tr>
<tr>
<td>Treasure Coast</td>
<td>$4,011</td>
<td>$4,254</td>
<td></td>
</tr>
<tr>
<td>Innovative Primary Care</td>
<td>$5,113</td>
<td>$5,559</td>
<td></td>
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<tr>
<td>Mid-Atlantic Consortium</td>
<td>$5,076</td>
<td>$4,060</td>
<td>$1,805,208</td>
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</table>

$7.8M
ACO QUALITY METRICS

Domain: Patient/Caregiver Experience
ACO-1 Getting timely care, appointments, and information
ACO-2 How well your providers communicate
ACO-3 Patients' rating of provider
ACO-4 Access to specialists
ACO-5 Health promotion and education
ACO-6 Shared decision making
ACO-7 Health status/functional status

Domain: Care Coordination and Patient Safety
ACO-8 Risk standardized all condition readmission
ACO-9 Ambulatory Sensitive conditions admissions: COPD or asthma in older adults
ACO-10 Ambulatory sensitive conditions admissions: heart failure (HF)
ACO-11 Percent of primary care physicians who successfully qualify for an EHR program incentive payment
ACO-12 Medication reconciliation
ACO-13 Falls screening for future fall risk

Domain: Preventive Health
ACO-14 Preventive care and screening; influenza immunization
ACO-15 Pneumonia vaccination status for older adults
ACO-16 Body mass index screening and follow-up
ACO-17 Tobacco use screening and cessation intervention
ACO-18 Screening for glaucoma or cataracts
ACO-19 Colorectal cancer screening
ACO-20 Breast cancer screening
ACO-21 Screening for high blood pressure and follow-up documented

Domain: At-risk Population—Diabetes
ACO-22 High blood pressure control
ACO-23 Low density lipoprotein control
ACO-24 Hemoglobin A1c control
ACO-25 Daily aspirin or anti-platelet medication use for patients with diabetes and IVD
ACO-26 Tobacco non-use
ACO-27 Diabetes: hemoglobin A1c poor control

Domain: At-risk Population—Hypertension
ACO-28 Controlling High Blood Pressure
ACO-29 Ischemic vascular disease: complete lipid panel and LDL control
ACO-30 Ischemic vascular disease: use of aspirin or another antithrombotic
ACO-31 Heart failure: beta-blocker therapy for left ventricular systolic dysfunction (ACO-31)
ACO-32 Drug therapy to lower LDL
ACO-33 ACE inhibitor or ARB therapy—diabetes or left ventricular systolic dysfunction

Composite Scores
Diabetes Management Composite (ACO 22-26)
Coronary Artery Disease Composite (ACO 32-33)

Which metrics can Home Care improve?
That leads to the Value Proposition…

BEST PERFORMING ACOs—CARDIAC MEASURES
Pioneer ACOs, more than one top-5 mention, 2014 (Year 3)

<table>
<thead>
<tr>
<th>Pioneer ACO</th>
<th>Location</th>
<th>Top 5 Mentions</th>
<th>System</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairview Health Services</td>
<td>Minneapolis, MN</td>
<td>6</td>
<td>Fairview Health Services</td>
<td>13,379</td>
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<tr>
<td>Atrius Health</td>
<td>Newton, MA</td>
<td>5</td>
<td>Physician-led</td>
<td>29,907</td>
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<tr>
<td>Bellin-ThedaCare</td>
<td>Appleton, WI</td>
<td>5</td>
<td>Bellin Health and ThedaCare</td>
<td>18,889</td>
</tr>
<tr>
<td>OSF Healthcare</td>
<td>Peoria, IL</td>
<td>4</td>
<td>OSF HealthCare System</td>
<td>31,652</td>
</tr>
<tr>
<td>Michigan Pioneer ACO</td>
<td>Southfield, MI</td>
<td>3</td>
<td>Detroit Medical Center</td>
<td>17,077</td>
</tr>
<tr>
<td>Beacon Health</td>
<td>Brewer, ME</td>
<td>2</td>
<td>EMHS (Eastern Maine Healthcare Systems)</td>
<td>12,490</td>
</tr>
<tr>
<td>Mount Auburn Cambridge IPA</td>
<td>Boston, MA</td>
<td>2</td>
<td>Physician-led</td>
<td>8,975</td>
</tr>
<tr>
<td>Park Nicollet</td>
<td>St. Louis Park, MN</td>
<td>2</td>
<td>Park Nicollet</td>
<td>12,731</td>
</tr>
<tr>
<td>Partners Healthcare</td>
<td>Needham, MA</td>
<td>2</td>
<td>Partners Healthcare</td>
<td>59,875</td>
</tr>
<tr>
<td>Trinity</td>
<td>Fort Dodge, IA</td>
<td>2</td>
<td>Trinity Regional Health System</td>
<td>8,852</td>
</tr>
</tbody>
</table>

National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
### BEST PERFORMING ACOs—CARDIAC MEASURES

**MSSPs: Scored in Top Decile on 3 or more measures**

<table>
<thead>
<tr>
<th>MSSP ACO</th>
<th>Location</th>
<th>Mentions</th>
<th>System</th>
<th>Beneficiaries</th>
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<tbody>
<tr>
<td>Asian American ACO</td>
<td>New York, NY</td>
<td>5</td>
<td>Physician-led</td>
<td>14,759</td>
</tr>
<tr>
<td>Beacon Health Partners, LLP</td>
<td>Manhasset, NY</td>
<td>5</td>
<td>IPA is 50% owned by Catholic Health Services</td>
<td>10,790</td>
</tr>
<tr>
<td>ProHEALTH Accountable Care</td>
<td>Lake Success, NY</td>
<td>5</td>
<td>Physician-led</td>
<td>28,651</td>
</tr>
<tr>
<td>Essentia Health</td>
<td>Duluth, MN</td>
<td>4</td>
<td>Essentia Health</td>
<td>37,862</td>
</tr>
<tr>
<td>Heartland</td>
<td>St. Joseph, MO</td>
<td>4</td>
<td>Heartland Regional Medical Center</td>
<td>13,617</td>
</tr>
<tr>
<td>Millennium ACO</td>
<td>Fort Myers, FL</td>
<td>4</td>
<td>Millennium Physician Group/ProCare Med</td>
<td>28,957</td>
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<tr>
<td>AAMC Collaborative Care Network</td>
<td>Annapolis, MD</td>
<td>3</td>
<td>Anne Arundel Medical Center</td>
<td>10,485</td>
</tr>
<tr>
<td>Accountable Care Options, LLC</td>
<td>Boynton Beach, FL</td>
<td>3</td>
<td>Physician-led</td>
<td>6,962</td>
</tr>
<tr>
<td>Circle Health Alliance, LLC</td>
<td>Lowell, MA</td>
<td>3</td>
<td>Affiliated with all the best Boston-area hospitals</td>
<td>11,300</td>
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<tr>
<td>FPJ Healthcare, LLC</td>
<td>Orlando, FL</td>
<td>3</td>
<td>Physician-led</td>
<td>5,887</td>
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<tr>
<td>HHC ACO Inc</td>
<td>New York, NY</td>
<td>3</td>
<td>Physician-led (Harford Healthcare Medical Group)</td>
<td>12,369</td>
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<tr>
<td>Ochsner Accountable Care Network</td>
<td>New Orleans, LA</td>
<td>3</td>
<td>Ochsner Health System</td>
<td>23,129</td>
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<tr>
<td>Primary Partners</td>
<td>Clarendon, FL</td>
<td>3</td>
<td>Physician-led</td>
<td>8,027</td>
</tr>
<tr>
<td>Rio Grande Valley Health Alliance</td>
<td>McAllen, TX</td>
<td>3</td>
<td>Physician-led</td>
<td>5,568</td>
</tr>
<tr>
<td>St. Luke’s Clinic Coordinated Care</td>
<td>Boise, ID</td>
<td>3</td>
<td>St. Luke’s Health System</td>
<td>28,830</td>
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<tr>
<td>Texoma ACO, LLC</td>
<td>Wichita Falls, TX</td>
<td>3</td>
<td>Physician-led</td>
<td>6,417</td>
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</table>

#### Pioneer ACOs, Year 3 Performance Summary

<table>
<thead>
<tr>
<th>ACO Name</th>
<th>Total Aligned Beneficiaries</th>
<th>Total Savings/Losses</th>
<th>Total Savings/Losses Per Beneficiary</th>
<th>Earned Savings/Losses</th>
<th>Quality Score</th>
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<tbody>
<tr>
<td>Allina Health</td>
<td>12,774</td>
<td>$2,014,966</td>
<td>$157.74</td>
<td>$0</td>
<td>89.65%</td>
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<tr>
<td>Atrius Health</td>
<td>31,222</td>
<td>$4,470,377</td>
<td>$143.18</td>
<td>$2,802,794</td>
<td>91.40%</td>
</tr>
<tr>
<td>Banner Health Network</td>
<td>52,772</td>
<td>$29,047,736</td>
<td>$550.44</td>
<td>$18,698,005</td>
<td>87.58%</td>
</tr>
<tr>
<td>Beacon Health</td>
<td>19,765</td>
<td>-$6,391,755</td>
<td>-$323.39</td>
<td>-$2,902,755</td>
<td>92.27%</td>
</tr>
<tr>
<td>Bellin-ThedaCare Healthcare Partners</td>
<td>19,586</td>
<td>$3,162,368</td>
<td>$161.46</td>
<td>$2,190,483</td>
<td>94.24%</td>
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<tr>
<td>Beth Israel Deaconess Care Organization</td>
<td>34,631</td>
<td>$16,316,793</td>
<td>$471.16</td>
<td>$9,847,873</td>
<td>87.98%</td>
</tr>
<tr>
<td>Brown &amp; Toland Physicians</td>
<td>17,373</td>
<td>$2,436,346</td>
<td>$140.24</td>
<td>$0</td>
<td>80.75%</td>
</tr>
<tr>
<td>Dartmouth-Hitchcock ACO</td>
<td>42,373</td>
<td>-$7,459,051</td>
<td>-$176.03</td>
<td>-$3,629,877</td>
<td>87.62%</td>
</tr>
<tr>
<td>Fairview Health Services</td>
<td>13,539</td>
<td>-$1,305,429</td>
<td>-$96.42</td>
<td>$0</td>
<td>87.15%</td>
</tr>
<tr>
<td>Franciscan Alliance</td>
<td>44,685</td>
<td>-$5,384,581</td>
<td>-$120.50</td>
<td>-$2,543,794</td>
<td>89.65%</td>
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<tr>
<td>Heritage California ACO</td>
<td>77,447</td>
<td>-$3,398,203</td>
<td>-$43.88</td>
<td>$0</td>
<td>74.16%</td>
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<tr>
<td>Michigan Pioneer ACO</td>
<td>16,540</td>
<td>$16,761,772</td>
<td>$1,013.41</td>
<td>$9,821,272</td>
<td>85.41%</td>
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<tr>
<td>Monarch HealthCare</td>
<td>20,415</td>
<td>$10,186,967</td>
<td>$498.99</td>
<td>$5,089,157</td>
<td>85.70%</td>
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<tr>
<td>Montefiore ACO</td>
<td>24,230</td>
<td>$13,301,749</td>
<td>$548.98</td>
<td>$8,428,113</td>
<td>86.21%</td>
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<tr>
<td>Mount Auburn Cambridge IPA</td>
<td>10,422</td>
<td>$6,204,478</td>
<td>$595.33</td>
<td>$3,888,598</td>
<td>91.36%</td>
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<tr>
<td>OSF Healthcare System</td>
<td>28,870</td>
<td>$7,876,430</td>
<td>$272.82</td>
<td>$4,876,778</td>
<td>90.26%</td>
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<td>Park Nicollet Health Services</td>
<td>13,195</td>
<td>$2,882,893</td>
<td>$218.48</td>
<td>$1,792,811</td>
<td>84.61%</td>
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<tr>
<td>Partners HealthCare</td>
<td>69,751</td>
<td>$21,688,328</td>
<td>$310.91</td>
<td>$13,218,122</td>
<td>88.85%</td>
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<td>Steward HealthCare Network</td>
<td>63,333</td>
<td>$5,949,720</td>
<td>$93.94</td>
<td>$0</td>
<td>82.08%</td>
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<tr>
<td>Trinity Pioneer ACO</td>
<td>9,342</td>
<td>$1,253,257</td>
<td>$134.15</td>
<td>$0</td>
<td>87.49%</td>
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### MSSP ACOs, Top Performers

<table>
<thead>
<tr>
<th>ACO Name</th>
<th>Shared Savings, Year 2</th>
<th>Earned Savings for ACO</th>
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<tbody>
<tr>
<td>Memorial Hermann ACO</td>
<td>$52,931,447</td>
<td>$22,723,305</td>
</tr>
<tr>
<td>Palm Beach ACO</td>
<td>$32,173,449</td>
<td>$14,455,933</td>
</tr>
<tr>
<td>POM ACO</td>
<td>$27,073,648</td>
<td>$12,075,693</td>
</tr>
<tr>
<td>Oakwood Accountable Care Organization</td>
<td>$19,074,154</td>
<td>$8,147,793</td>
</tr>
<tr>
<td>Millennium Accountable Care Organization</td>
<td>$17,486,002</td>
<td>$7,977,169</td>
</tr>
<tr>
<td>ProHEALTH Accountable Care Medical Group</td>
<td>$17,153,220</td>
<td>$8,019,532</td>
</tr>
<tr>
<td>Allcare Options</td>
<td>$16,986,294</td>
<td>$6,058,533</td>
</tr>
<tr>
<td>Qualuable Medical Professionals</td>
<td>$16,622,809</td>
<td>$7,406,111</td>
</tr>
<tr>
<td>Accountable Care Coalition of Texas, Inc.</td>
<td>$16,041,318</td>
<td>$6,335,569</td>
</tr>
<tr>
<td>Mercy Health Select</td>
<td>$15,441,442</td>
<td>$6,518,339</td>
</tr>
<tr>
<td>West Florida ACO</td>
<td>$14,152,196</td>
<td>$6,326,253</td>
</tr>
<tr>
<td>Collaborative Health ACO</td>
<td>$13,902,836</td>
<td>$6,287,775</td>
</tr>
<tr>
<td>RGV ACO Health Providers</td>
<td>$13,797,494</td>
<td>$7,528,797</td>
</tr>
<tr>
<td>Quality Independent Physicians</td>
<td>$13,611,421</td>
<td>$6,062,187</td>
</tr>
<tr>
<td>Delaware Valley ACO</td>
<td>$13,402,585</td>
<td>$6,567,267</td>
</tr>
<tr>
<td>Total</td>
<td>$299,820,315</td>
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</tr>
</tbody>
</table>

While Commercial ACOs are leading the numbers, Next Generation and Investment ACOs will boost participation in Medicare ACO program in 2016.

- CMS is pushing toward full capitation
- EHR systems, physician engagement and patient engagement are continuing problems for ACOs
- Home (Health) Care is seen as important and effective in keeping people out of the hospital
- Are house calls a fad or trend?
- Certain ACOs—both MSSP and Pioneer—are trending positively for financial and quality performance, but not necessarily both
II. LATEST PANEL RESEARCH

Home Care Executive Panel Composition

- **ANNUAL REVENUE**
  - Less than $5M: 56%
  - $5.0M - $99.9M: 21%
  - $100.0 M or more: 23%

- **TITLE**
  - President/CEO/Other C-Suite: 70%
  - Vice President: 15%
  - Other C-Suite: 10%
  - Director: 5%
  - President: 3%

- **PRIMARY BUSINESS**
  - Home Health: 51%
  - Private Duty: 49%

- **REGION**
  - South: 42%
  - West: 17%
  - East: 15%
  - North: 23%

President/CEO/Other C-Suite

70% Home Health
83% Private Duty
Annual Revenue Distribution, Participating Companies

<table>
<thead>
<tr>
<th>BUSINESS LINE</th>
<th>Percent</th>
</tr>
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<tbody>
<tr>
<td>Private duty care</td>
<td>67.8%</td>
</tr>
<tr>
<td>Home health care</td>
<td>46.9%</td>
</tr>
<tr>
<td>Hospice care</td>
<td>19.8%</td>
</tr>
<tr>
<td>Infusion or respiratory therapy</td>
<td>6.8%</td>
</tr>
<tr>
<td>Durable medical equipment</td>
<td>6.8%</td>
</tr>
<tr>
<td>Adult day care</td>
<td>3.4%</td>
</tr>
<tr>
<td>Physician house calls</td>
<td>3.4%</td>
</tr>
<tr>
<td>Assisted living</td>
<td>2.8%</td>
</tr>
<tr>
<td>Operate skilled nursing facilities</td>
<td>2.3%</td>
</tr>
<tr>
<td>Home medical supplies - distribution</td>
<td>1.7%</td>
</tr>
<tr>
<td>Home medical supplies - manufacturing</td>
<td>0.6%</td>
</tr>
</tbody>
</table>
FAMILIARITY WITH ACOS
HOME HEALTH EXECUTIVE SURVEY

“How familiar are you with Accountable Care Organizations?”

<table>
<thead>
<tr>
<th>% of Respondents</th>
<th>Not at all familiar</th>
<th>Somewhat familiar</th>
<th>Familiar</th>
<th>Very familiar</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2013</td>
<td>13%</td>
<td>16%</td>
<td>44%</td>
<td>26%</td>
</tr>
<tr>
<td>August 2015</td>
<td>9%</td>
<td>15%</td>
<td>25%</td>
<td>37.5%</td>
</tr>
</tbody>
</table>

Source: Darwin Research Group, Home Care Market Outlook 2015-2017

“Are you aware of any ACOs that are in markets where you provide services?”

Yes 63% Home Health
58% Private Duty

77% of Yes responses answered the follow-up question with a valid response.

Source: Darwin Research Group, Home Care Market Outlook 2015-2017

National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
“On a 5-point scale where 1 is Not at all Confident and 5 is Very Confident, if you were presented with an opportunity to enter into a service or referral agreement with an ACO, how confident are you in your ability to do so profitably?”

<table>
<thead>
<tr>
<th>Not at all Confident</th>
<th>Very Confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.6%</td>
<td>14.9%</td>
</tr>
<tr>
<td>12.4%</td>
<td></td>
</tr>
<tr>
<td>20.5%</td>
<td></td>
</tr>
<tr>
<td>38.5%</td>
<td></td>
</tr>
</tbody>
</table>

n=161

VERY CONFIDENT 18% Home Health (mean=3.3)
14% Private Duty (mean=3.3)

Source: Darwin Research Group,
Home Care Market Outlook 2015-2017

“Have you had any formal meetings or discussions with an ACO?”

No 69.6%
Yes 30.4%

n=161

YES 70% Home Health
19% Private Duty

Source: Darwin Research Group,
Home Care Market Outlook 2015-2017
“Will you be a participating partner with an ACO in 2016?”

Source: Darwin Research Group, *Home Care Market Outlook 2015-2017*

EXPERIENCE WITH ACOs
Home Health vs. Private Duty

Source: Darwin Research Group, *Home Care Market Outlook 2015-2017*
EXPERIENCE WITH RISK by Company Size

- **Bundled Payment Participant**
- **Had Risk-based Contract**

Source: Darwin Research Group,
Home Care Market Outlook 2015-2017
National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708

"Have you participated in any bundled payments initiative? (If yes) Financially speaking, what was the effect on your business?"

Bundled Payment Participation

- **Yes** 21%
- **No** 79%

Effect on Revenues and Profit

- **Revenue**
  - Increased 30%
  - Decreased 31%
  - Stayed the Same 59%

- **Profit**
  - Increased 20%
  - Decreased 47%
  - Stayed the Same 43%

Source: Darwin Research Group,
Home Care Market Outlook 2015-2017
National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
“Have you participated in a risk-sharing agreement? (If yes) Financially speaking, what was the effect on your business?”

**Had Risk-Sharing Contract**

- **No** 88.8%
- **Yes** 11.2%

- **YES 40% Home Health**
- **15% Private Duty**

**Effect on Revenues and Profit**

- **Revenue**
  - Increased: 33%
  - Decreased: 80.6%
- **Profit**
  - Increased: 70.6%

Source: Darwin Research Group, *Home Care Market Outlook 2015-2017*

**KEY TAKEAWAYS**

- ACO awareness could be higher: 62% aware of ACO in area
- Only a quarter to a third of home care companies engaged in any way with ACOs
- Lack of confidence in having a profitable relationship, despite generally positive experiences
- Larger companies more experienced with value-based agreements
- Home Health Care is ahead of Private Duty: more meetings, more participation, more bundled payment experience, more risk-based contracting experience

Source: National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
III. CREATING A WINNING VALUE PROPOSITION

CONTINUUM OF CARE

PRE-ACUTE
- Telephone Visit
- Meals
- Personal Care

ACUTE
- Emergency Room
- Intensive Care Unit

POST-ACUTE
- Community Care Facility
- Hospice

Family Visit
- Case Management
- Physician Office
- Ambulance
- Diagnostic Tests
- Rehabilitation
- Home Health Care
- Nursing Home
PREVENTING HOSPITAL READMISSIONS

1. Utilizing Home Care as a part of the solution to transitioning a patient from a hospital or post acute setting to the home
2. Communication is paramount to the success of making this transition
3. Strategies together will keep the patient in our case client from re-entering your facility

REDUCING HOSPITAL READMISSIONS: Partnering for success

State of the Industry: What has changed?
20% readmission rate = $17 Billion annual cost to Medicare

✦ CMS Mandates major cuts to Medicare Programs
✦ First Focus is on:
  ✦ Heart Failure (broadner than CHF)
  ✦ Pneumonia
  ✦ AMI acute myocardial infarction (heart attack)
  ✦ Will be adding more chronic conditions in the future
STATE OF THE INDUSTRY:
THE GOOD NEWS…

CMS reports that up to 75% of re-admissions to hospitals are potentially preventable.*

3 Main Reasons most patients are re-admitted to the hospital
1. They miss follow-up visits
   (New England Journal of Medicine reported that half of all patients re-admitted within 30 days hadn’t visited a doctor since discharge)
2. They have difficulty complying with their medication schedule
3. They have a poor understanding of “red flag” symptoms


HOSPITAL READMISSIONS: WHAT’S THE PROBLEM?

Hospitals are being financially penalized 3% of each payment for readmission for the following diagnosis:

• Congestive heart failure
• Myocardial infarction (heart attack)
• Pneumonia
• Chronic obstructive pulmonary disease (COPD)
• Orthopedic Hip and Knee
DEVELOPING A STRATEGY TO REDUCE READMISSIONS

DON’T PLACE ALL THE BLAME ON THE HOSPITAL!

“Not all of the responsibility is the hospital’s” said Arnie Kimmel, CEO, MetroSouth Medical Center in Blue Island, IL, referring to why patients are readmitted within 30 days. “significant part of the reason we have to attribute to (patients) lack of compliance with medical recommendations.”

Hospitals are a little upset (and they deserve to be) about being penalized for something that they have very little control over, HUMAN BEHAVIOR.
DEVELOPING AN EFFECTIVE STRATEGY

The Goal – Disease or condition management during the 30 day post acute discharge and beyond

– Who will help the patient understand the challenges of disease/condition management?
– Who will provide solutions for a smooth transition to a lower level of care?
– Who else is involved in helping patients stay at home for 30 days and beyond?

PATIENT CONFUSION UPON DISCHARGE

Older adults are particularly vulnerable to poor transition outcomes:
– Multiple medical conditions
– Multiple care providers
– Multiple medications
– Physical and cognitive limitations
– Health literacy
– Burdened caregivers
PATIENT CONFUSION UPON DISCHARGE

Illinois Study – 83% of patients had problems identified by the social worker during the assessment at 2 days post-discharge – “surprises”
- Management of post-discharge care – 25%
- Obtaining community services – 24%
- Understanding discharge plan – 17%
- Caregiver Stress – 35%
- Patient stress/coping – 35%
- Social support – 10%

*The Illinois Transitional Care Consortium (ITCC) presentation at the 2011 American Society on Aging Conference on the Bridge Model of Transitionary Care.

WHO PULLS IT ALL TOGETHER

Gut reaction – Medicare Home Health will take care of all of this

Reality – Medicare nurse – 30 minute visit, 2-3x/week for 2-3 weeks

We believe preventing readmissions is a shared responsibility – private duty homecare can take much of the burden off of the family and help pull the team together.
PRIVATE DUTY HOME CARE: THE BENEFITS

Basics of Private Duty Homecare
- ADL’s
- Meal Prep
- Laundry/linens
- Light Housekeeping
- Transportation

Historically seen as something a select minority of older adults could afford

Increased competition in the private duty homecare industry have resulted in:
- Lower cost to consumer
- Greater flexibility in scheduling around the client’s needs
- Higher expectations of the caregiver and agency

PRIVATE DUTY HOME CARE: THE BENEFITS

Role of Private Duty Homecare in delivering high quality care and reducing readmissions:

- Private Duty Homecare aides spend more time in the home with patient than any other provider
  
  • Medicare home health aide – 30 to 60 minute visit, 2-3x/week for 2-3 week – personal care only
  
  • Average Cypress HomeCare Solutions client that discharges from a hospital or post acute provider receives 60 hours of care/week!

<table>
<thead>
<tr>
<th>Main Reasons Patients are Re-admitted to Hospital</th>
<th>What Private Duty Homecare can do</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Miss follow-up visits</td>
<td>Arrange and accompany clients to follow-up physician visits</td>
</tr>
<tr>
<td>2. Difficulty complying with medication schedule</td>
<td>Medication reminders</td>
</tr>
<tr>
<td>3. Poor understanding of “red flag” symptoms</td>
<td>Not all private duty agencies are the same</td>
</tr>
</tbody>
</table>

National Association for Home Care & Hospice 2015 Annual Meeting and Exposition, Education Session 708
COMMON BARRIERS TO PRIVATE DUTY HOMECARE

It costs too much – It will cost you more if the patient gets readmitted to the hospital

“The patient is already getting Medicare home health services – we don’t need private duty home care also”
– They can go home with both – the first 48 hours is critical! 50% of the Cypress HomeCare Solutions clients discharge from the hospital discharge from the hospital with both Medicare and Private Duty home care, it should be 100%!
– Patients often come home weak, debilitated and tired – have challenges because too tired to eat, take meds, get out of bed
  • Home health cannot be there to ensure proper nutrition, medication compliance, help a patient get to the bathroom, etc.

“The patient is going to rehab”
– Rehab typically lasts around 20 days, leaving 10 days left when they could still be readmitted during the 30 day period. Who will be there to support them and what will their needs be when they leave rehab?

COMMON BARRIERS TO PRIVATE DUTY HOMECARE

“Some patients are in and out so quickly, we don’t have time to set up a lot of services”
– Tag them early so they can get appropriate referrals

“We have transitional specialist working with the patient”
– Great! We can begin coordinating the discharge plans with him/her as soon as the patient steps into the ER
– The transitional specialist is not going to be with the patient in the home environment, that’s where our expertise comes in
CONCLUSION

• Private duty homecare needs to share the responsibility of preventing hospital readmissions

• Private duty homecare is the only post-acute provider who can be in the home consistently with the patient after discharge (avg. 60 hours/wk)

CHOOSING THE RIGHT PARTNER

• Estimate the Lifetime Value of your Customer
• Find out beneficiaries per ACO
• Estimate share available using traditional marketing
• Estimate added share from being preferred provider
• Quantify the benefit of partnership
• ACO must be willing to listen to your story
• Smaller vs. larger ACOs
• Are you willing to go at risk? Reduce fees? Alter payment schedule?
"How to Create Winning Partnerships with ACOs"

National Association for Home Care & Hospice
2015 Annual Meeting and Exposition
Education Session 708

Bob Roth
Principal and Consultant, OneOnOne Home Care Solutions
Managing Partner, Cypress HomeCare Solutions

John Marchica
President/CEO, Darwin Research Group