



HOME CARE & HOSPICE

CONFERENCE AND EXPO

Sunday, October 13, 2019 2:50 PM

108 How Operations are Driven by Top Performing Home Health Agencies



How Operations are Driven by Top Performing Home Health Agencies

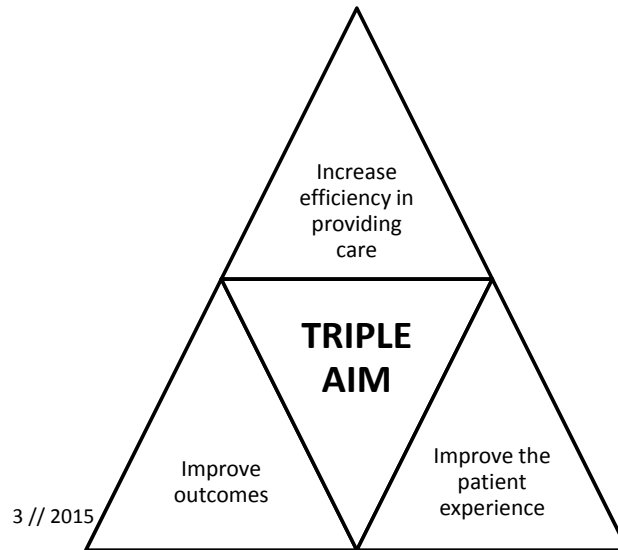
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Vice President of Product Strategy
Strategic Healthcare Programs

Importance of Data to Drive Decision Making

- Needs to be actionable
- Needs to be real-time
- Addresses the priorities of your organizations
- Provides a perspective on how your operations compare to others (within and outside your agency)
- Benchmarking and Budgeting is the key!
- Measure only what you're going to manage; manage only what matters
- Balance the components of the Triple Aim

Success Today and Tomorrow



Know How to Harness Your Data



Key Dashboard Concepts

Short & concise

Drill-down capabilities

Keep it simple

Not a perfect science

KPI Drill-downs

- Start at a high level
- Benchmark against others
- Drill down where off targets/benchmarks
- Study reasons behind performance indicators
- Consider alternatives



Approach of this Presentation

- Conducted a Survey of the Top Performing agencies
- Provide insights to the KPIs of these agencies
- Best practices that we see utilized by the top performers

BKD Home Health Benchmarks

- Cost reports with 2017 year ends
 - 8,819 total agencies
 - 90% freestanding, 10% provider-based
 - 80% urban, 20% rural
 - 79% for-profit, 21% not-for-profit
 - Median revenue of \$1.7M
 - Median Medicare mix of 75%

Best Practice Peer Group

- BKD/SHP Benchmark Leaders
 - Identified as a 2017 SHP Benchmark Leader
 - Quality, compliance and patient satisfaction
 - Combined with financial success in 2017
 - 301 total agencies
 - 94% freestanding, 6% provider-based
 - 64% urban, 36% rural
 - 85% for-profit, 15% not-for-profit
 - Median revenue of \$4.5M
 - Median Medicare mix of 70%

Location of BKD/SHP Benchmark Leaders

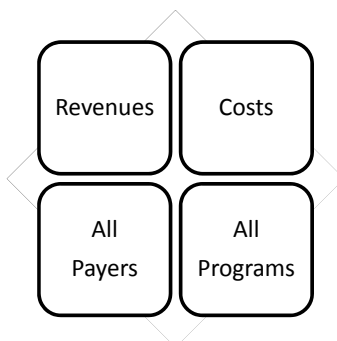


Survey of the BKD/SHP Benchmark Leaders

- Survey sent out to all Benchmark Leaders
 - 24 questions
 - Topics included
 - Organizational relationships/affiliations
 - Approach to quality
 - Operational strategies for efficient operations
 - 45 total surveys completed (representing over **50%** of the combined 301 agencies)

Overall Profitability (freestanding only)

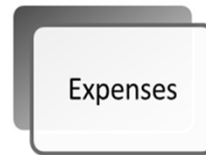
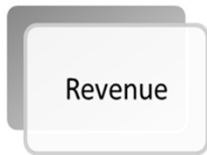
| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|--------------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Gross margin | 49% | 54% | 45% | 57% |
| Net margin | 11% | 16% | 2% | 10% |



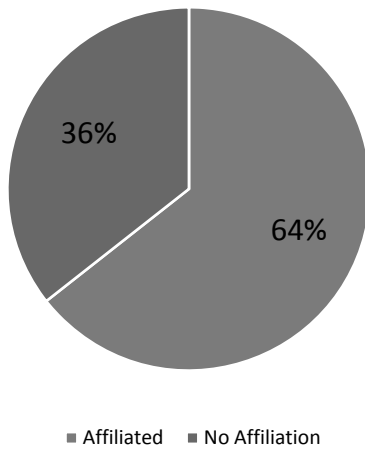
Medicare Profitability

| | Benchmark Leaders | | All Others | |
|--------------|-------------------|----------|------------|----------|
| | Median | Best 25% | Median | Best 25% |
| Gross margin | 53% | 57% | 52% | 61% |
| Net margin | 20% | 26% | 11% | 25% |

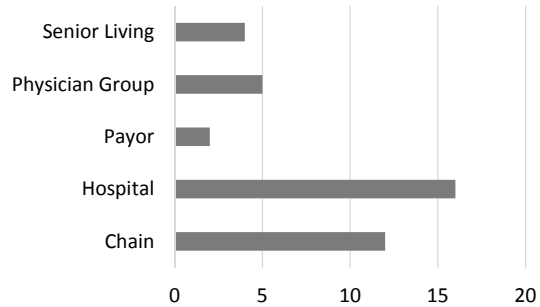
Consists of



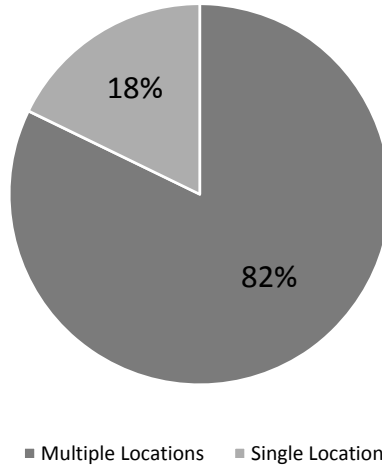
Scale Matters – Affiliations



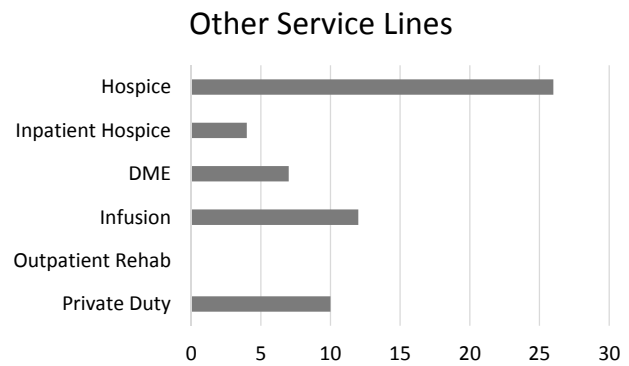
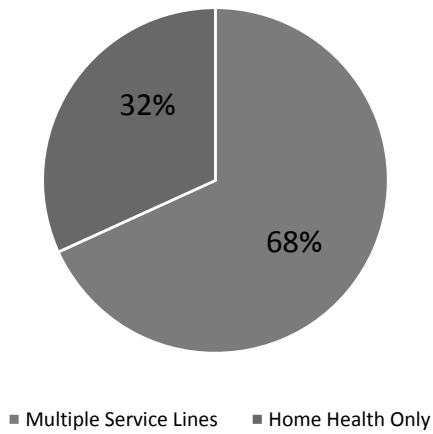
Affiliation Types



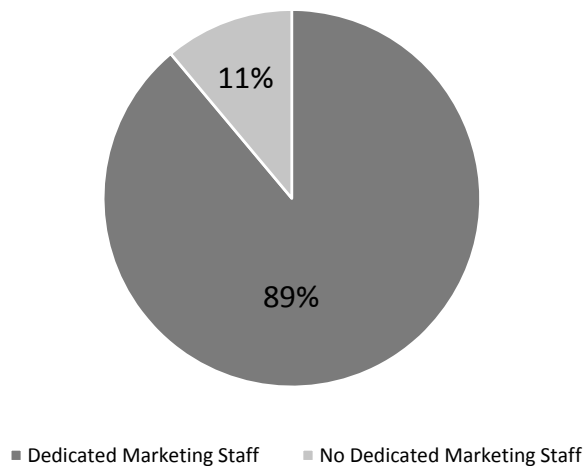
Scale Matters – Locations



Scale Matters – Service Lines



Scale Matters – Marketing



Home Health Medicare Payments

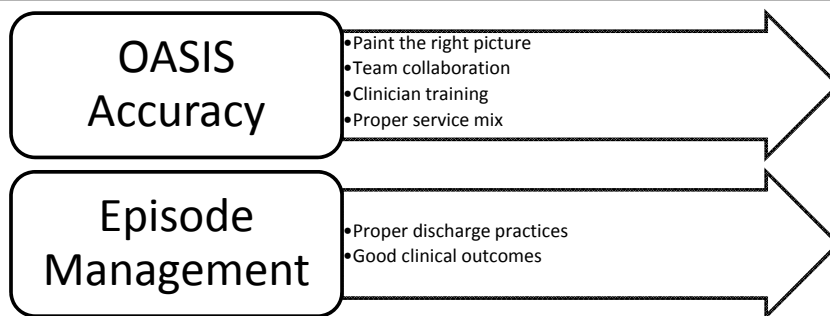
| | Benchmark Leaders | | All Others | |
|-------------|-------------------|-----------------|---------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Per episode | \$2,602 | \$2,955 | \$2,763 | \$3,202 |
| Per patient | \$4,609 | \$3,892 | \$4,572 | \$3,425 |

Consists of

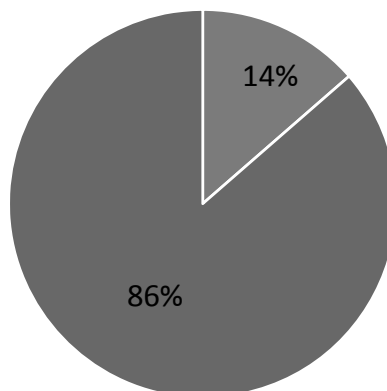


Episode Payment Drivers

| | Benchmark Leaders | | All Others | |
|----------------------|-------------------|----------|------------|----------|
| | Median | Best 25% | Median | Best 25% |
| Case mix weight | 1.1023 | 1.1802 | 1.0255 | 1.1489 |
| LUPA percentage | 7.4% | 5.6% | 6.6% | 3.4% |
| Episodes per patient | 1.7 | 1.4 | 1.6 | 1.3 |



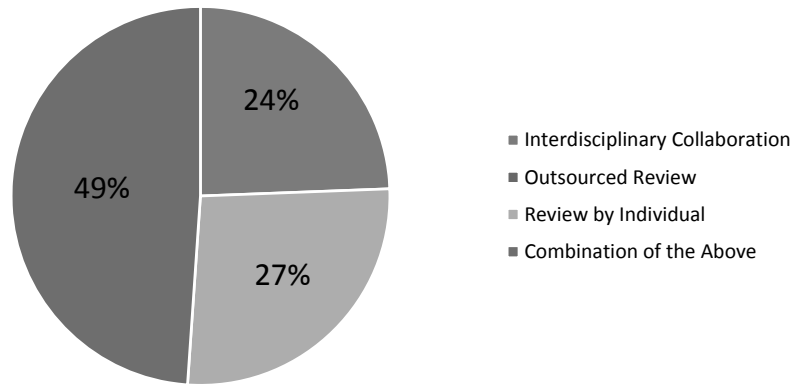
Getting the Payment Right – Admission Model



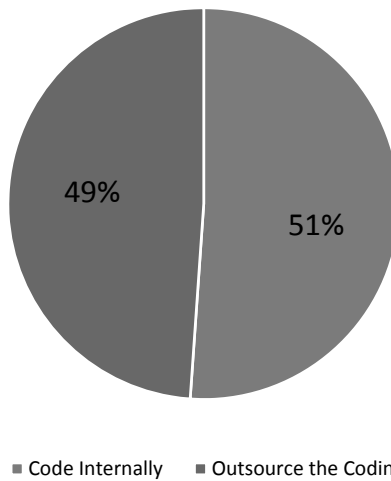
■ Admission Clinicians ■ Clinicians Perform Own Admissions

Getting the Payment Right – OASIS Review

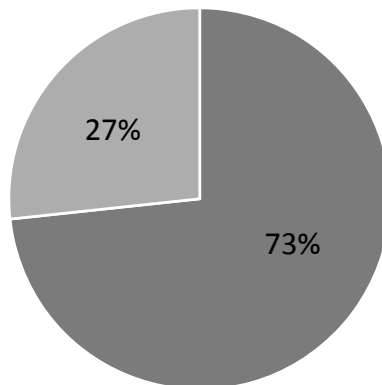
Admission OASIS Review Approach



Getting the Payment Right – ICD-10 Coding



Getting the Payment Right – LUPA Management

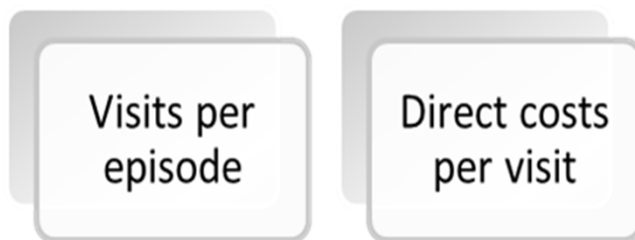


■ All LUPA Cases Reviewed ■ Don't Review All LUPA Cases

Direct Cost Per Episode

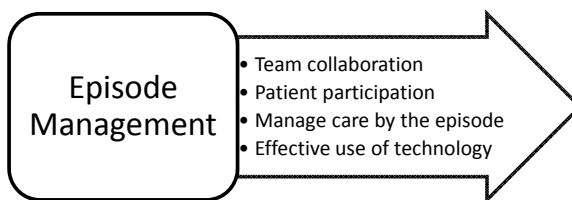
| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|--------------------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Direct labor costs | \$1,166 | \$1,008 | \$1,230 | \$944 |
| Total direct costs | 1,264 | 1,095 | 1,348 | 1,071 |

Consists of



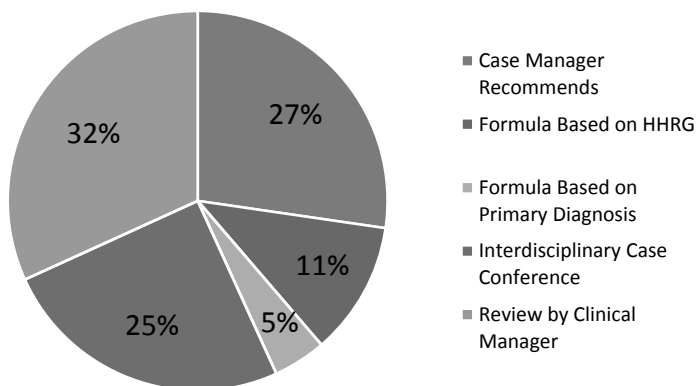
Visits per Episode

| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|-----------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Nursing | 7.7 | 6.8 | 8.0 | 6.4 |
| Therapies | 8.0 | 6.5 | 6.6 | 4.5 |
| Total | 17.0 | 15.0 | 16.4 | 14.0 |



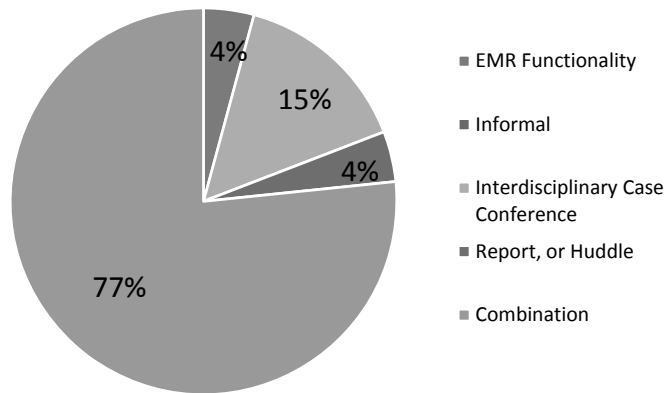
Using the Payment Right – Episode Management

Approach for Managing Visit Utilization

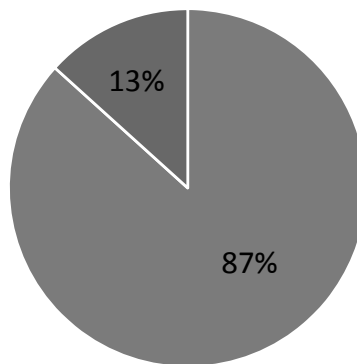


Using the Payment Right – Episode Management

Approach for Care Coordination



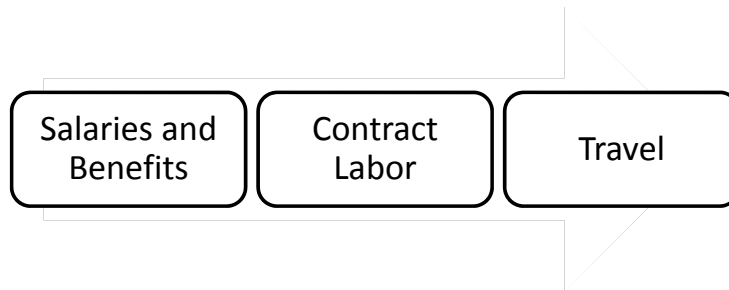
Using the Payment Right – Re-Hospitalizations



- Review all Re-hospitalizations
- Don't Review all Re-hospitalizations

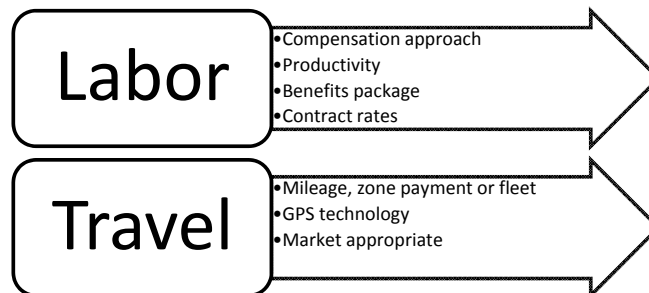
Direct Cost per Visit

| | Benchmark Leaders | | All Others | |
|---------|-------------------|----------|------------|----------|
| | Median | Best 25% | Median | Best 25% |
| Nursing | \$66 | \$54 | \$71 | \$52 |
| PT | 82 | 76 | 85 | 72 |
| OT | 85 | 78 | 83 | 67 |



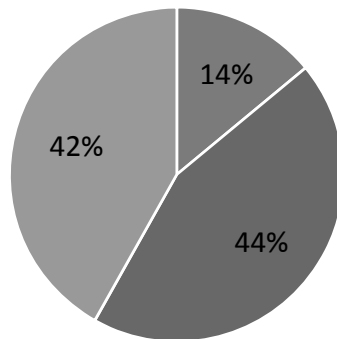
Direct Costs as a % of Revenue

| | Benchmark Leaders | | All Others | |
|----------------|-------------------|----------|------------|----------|
| | Median | Best 25% | Median | Best 25% |
| Direct labor | 48% | 44% | 48% | 37% |
| Transportation | 2.5% | 2.0% | 3.2% | 1.5% |



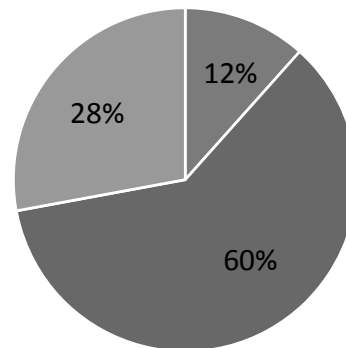
Managing Costs – Compensation Models

RN Compensation



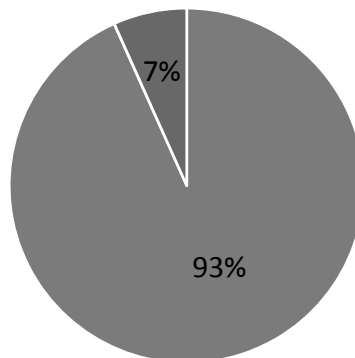
■ Hourly ■ Per Visit ■ Salary

Therapy Compensation



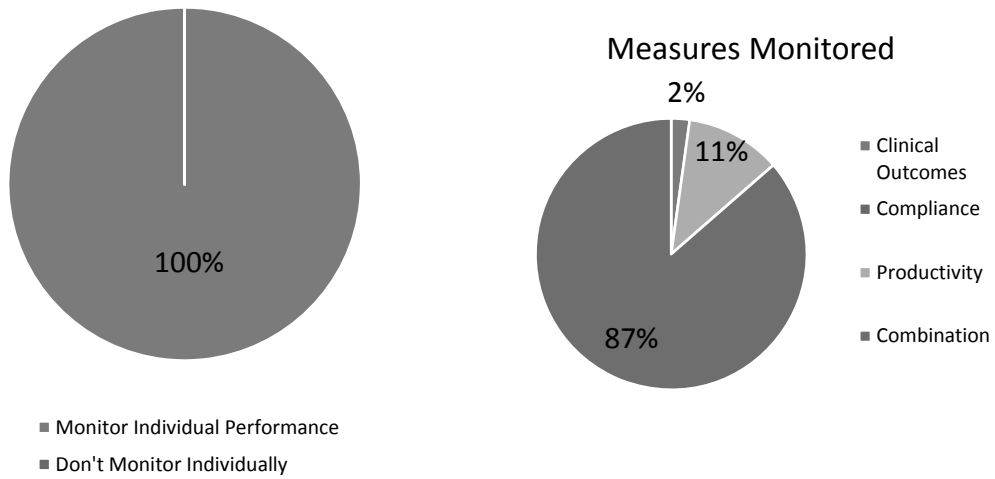
■ Hourly ■ Per Visit ■ Salary

Managing Costs – Productivity Models



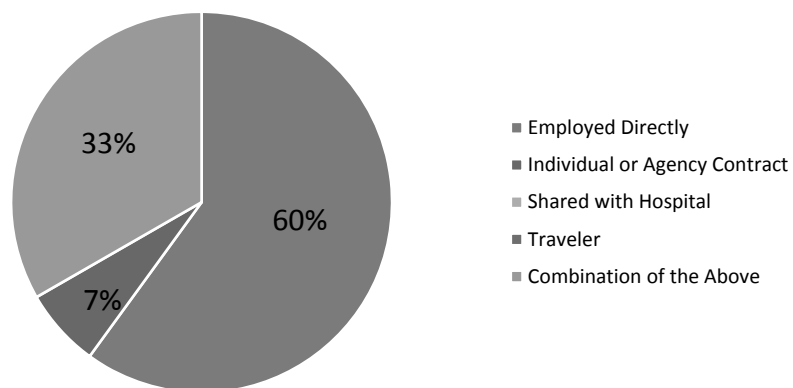
■ Visits/Units/Points per Day or Week
■ Caseload Average

Managing Costs – Clinician Performance



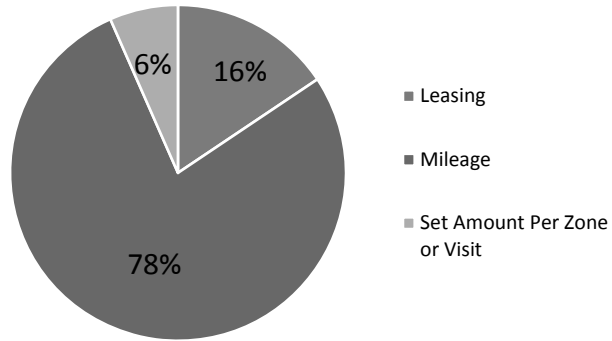
Managing Costs – Therapy Staffing

Primary Therapy Staffing Arrangement

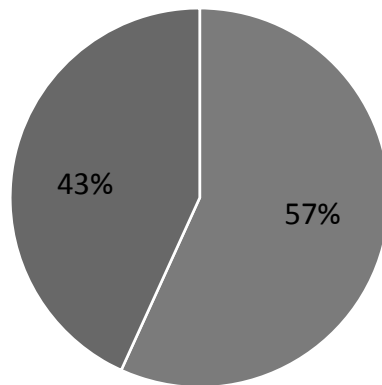


Managing Costs – Travel

Approach for Field Staff Travel



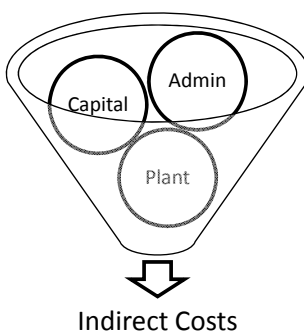
Managing Costs – Clinician Scheduling



■ Self-Schedule ■ Scheduled by Office Staff

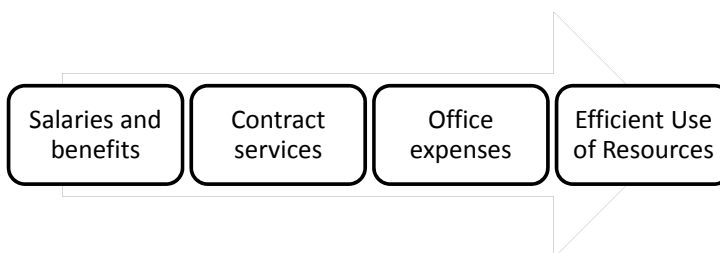
Indirect Cost per Episode

| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|----------------------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Total indirect costs | \$833 | \$618 | \$1,065 | \$723 |

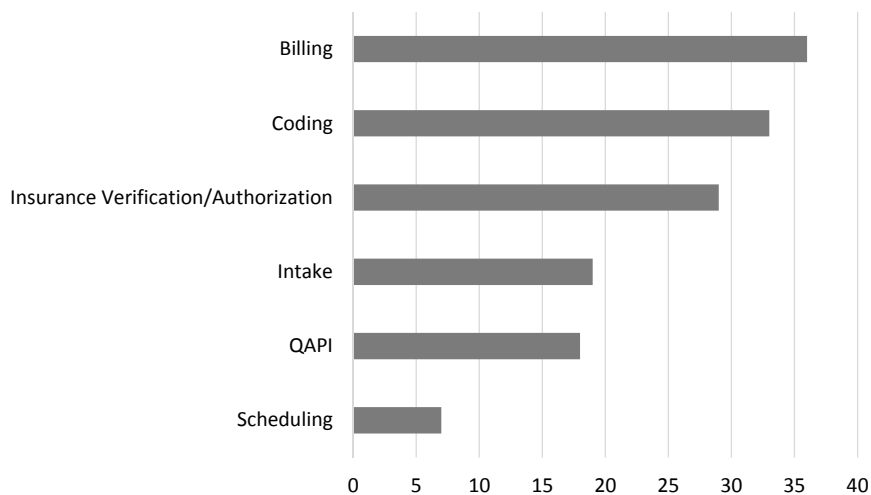


Administrative Costs as a % of Revenue

| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|-------------------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Admin labor costs | 15% | 12% | 27% | 17% |
| Total admin costs | 33% | 24% | 38% | 28% |

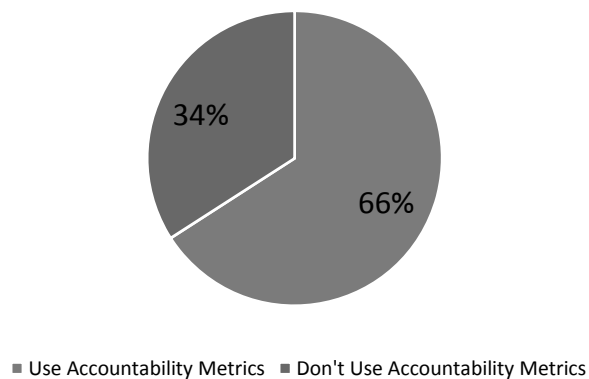


Managing Costs – Centralized Functions



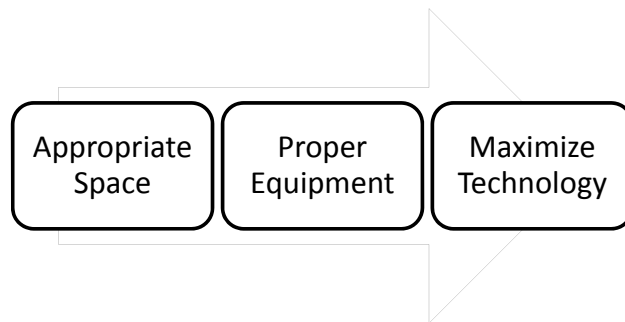
Managing Costs – Back Office Accountability

Use of Accountability Metrics for Non-Clinical Positions



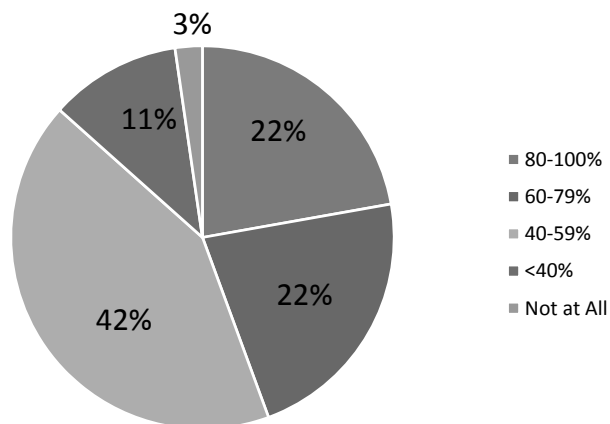
Capital & Plant Costs as a % of Revenue

| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|-------------------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Capital and plant | 2.3% | 1.8% | 2.8% | 1.7% |

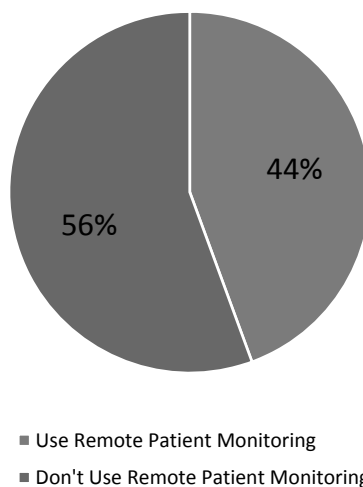


Investing in Technology – Point of Care

Estimated % of Time Documenting at Point of Care



Investing in Technology – Remote Monitoring



Additional Cost Considerations

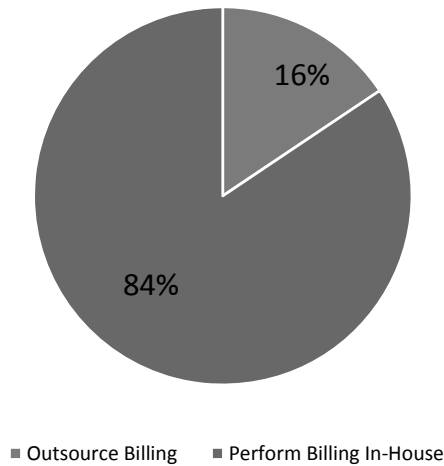
- Adjustments in forecasted costs due to PDGM should be considered
 - Changes in direct costs for episode management
 - Adjustments to visit utilization
 - Fewer therapy visits?
 - Additional visits from LUPA management?
 - Resources committed for overall episode management
 - Shifts in clinical grouping changing the patient mix
 - Changes in indirect costs for back office efforts
 - Intake or marketing strategies
 - Changes in revenue cycle management
 - Initiatives for coding, order, supply and episode management
 - Investments in technology and data resources

Cash Flow

| | <u>Benchmark Leaders</u> | | <u>All Others</u> | |
|------------------------|--------------------------|-----------------|-------------------|-----------------|
| | <u>Median</u> | <u>Best 25%</u> | <u>Median</u> | <u>Best 25%</u> |
| Days Sales Outstanding | 43.9 | 35.7 | 56.5 | 38.7 |

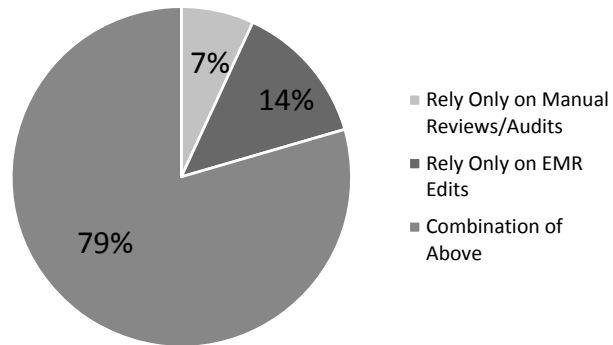
Revenue Cycle Management

Revenue Cycle Management - Outsourcing



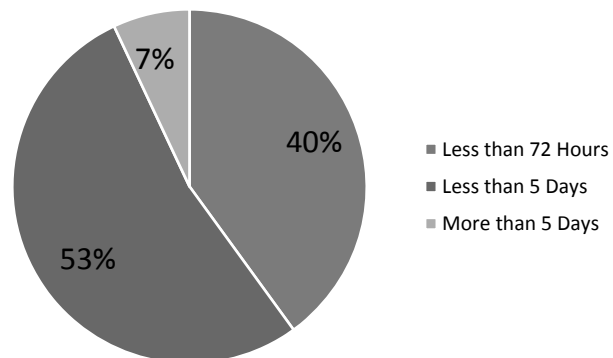
Revenue Cycle Management – Claims Release

Process for Releasing Claims



Revenue Cycle Management – OASIS Timing

Completion of OASIS



Financial KPIs – Liquidity

Funds availability/days cash on hand

Days sales outstanding

Current ratio

Quick ratio

Debt service coverage ratio





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2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|---|-----------------------------------|--------------|----------------|---------------------------------------|--------------|----------------|---|--------------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Number of Agencies | Total agencies in peer group: 301 | | | Total agencies in peer group: 8,518 | | | Total agencies in national data: 8,819 | | |
| Service Delivery Dashboards | | | | | | | | | |
| Total home health visits | 16,004 | 27,322 | 50,941 | 4,093 | 9,143 | 20,846 | 4,229 | 9,580 | 21,846 |
| Total visits for other services ⁴ | - | - | - | - | - | - | - | - | - |
| Total net patient revenue ⁴ | \$ 2,438,849 | \$ 4,457,237 | \$ 7,752,791 | \$ 728,267 | \$ 1,601,452 | \$ 3,610,481 | \$ 749,145 | \$ 1,664,194 | \$ 3,818,466 |
| Total Medicare episodes | 687 | 1,076 | 2,076 | 165 | 344 | 717 | 169 | 360 | 762 |
| Total Medicare home health revenue | \$ 1,663,754 | \$ 3,040,154 | \$ 5,507,502 | \$ 426,751 | \$ 936,189 | \$ 1,994,725 | \$ 439,745 | \$ 974,967 | \$ 2,114,473 |
| Total home health unduplicated patients | 495 | 942 | 1,775 | 111 | 279 | 732 | 115 | 297 | 762 |
| Total unduplicated patients for other services ⁴ | - | - | - | - | - | - | - | - | - |
| Payer mix, measured on total visits | | | | | | | | | |
| Medicare | 60.7% | 72.8% | 84.9% | 54.3% | 77.9% | 99.5% | 54.7% | 77.5% | 99.2% |
| Other | 15.2% | 27.2% | 39.3% | 0.6% | 22.1% | 45.7% | 0.8% | 22.5% | 45.3% |
| Payer mix, measured on unduplicated patients | | | | | | | | | |
| Medicare | 59.1% | 69.5% | 81.6% | 51.9% | 75.8% | 99.7% | 52.3% | 75.4% | 99.4% |
| Other | 18.4% | 30.5% | 40.9% | 0.3% | 24.2% | 48.2% | 0.6% | 24.6% | 47.7% |
| Visits per Medicare episode (all episodes) | | | | | | | | | |
| Skilled nursing | 6.8 | 7.7 | 8.5 | 6.4 | 8.0 | 9.6 | 6.4 | 8.0 | 9.5 |
| Physical therapy | 4.5 | 5.6 | 6.7 | 3.6 | 5.1 | 6.6 | 3.7 | 5.1 | 6.6 |
| Occupational therapy | 1.2 | 1.8 | 2.4 | 0.3 | 1.0 | 1.9 | 0.3 | 1.1 | 1.9 |
| Speech therapy | 0.2 | 0.3 | 0.6 | 0.0 | 0.1 | 0.3 | 0.0 | 0.1 | 0.3 |
| Medical social services | 0.0 | 0.1 | 0.2 | - | 0.0 | 0.1 | - | 0.1 | 0.1 |
| Home health aide | 0.4 | 0.8 | 1.4 | 0.4 | 1.1 | 2.4 | 0.4 | 1.1 | 2.3 |
| Total visits per episode | 15.0 | 17.0 | 18.4 | 14.0 | 16.4 | 19.1 | 14.0 | 16.4 | 19.1 |
| Total therapy visits per episode | 6.5 | 8.0 | 9.4 | 4.5 | 6.6 | 8.8 | 4.6 | 6.7 | 8.8 |
| Visits per Medicare full episode (including outliers) | | | | | | | | | |
| Skilled nursing | 7.3 | 8.2 | 9.1 | 6.9 | 8.4 | 10.1 | 7.0 | 8.4 | 10.0 |
| Physical therapy | 4.9 | 6.1 | 7.2 | 4.0 | 5.5 | 7.2 | 4.0 | 5.5 | 7.2 |
| Occupational therapy | 1.3 | 2.0 | 2.7 | 0.3 | 1.1 | 2.1 | 0.3 | 1.2 | 2.1 |
| Speech therapy | 0.2 | 0.4 | 0.6 | 0.0 | 0.1 | 0.3 | 0.0 | 0.1 | 0.3 |
| Medical social services | 0.0 | 0.1 | 0.2 | - | 0.1 | 0.1 | - | 0.1 | 0.1 |
| Home health aide | 0.4 | 0.8 | 1.6 | 0.4 | 1.2 | 2.6 | 0.4 | 1.2 | 2.5 |
| Total visits per episode | 16.3 | 18.3 | 19.7 | 15.2 | 17.6 | 20.4 | 15.2 | 17.7 | 20.4 |
| Total therapy visits per episode | 7.1 | 8.7 | 10.1 | 4.9 | 7.2 | 9.6 | 5.0 | 7.3 | 9.6 |
| Visits per Medicare LUPA episode | 2.6 | 2.8 | 2.9 | 2.5 | 2.7 | 3.0 | 2.5 | 2.7 | 3.0 |



2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|---|------------------------------|-----------|----------------|---------------------------------------|-----------|----------------|---|-----------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Service Delivery Dashboards (Continued) | | | | | | | | | |
| Number of episodes per Medicare patient | 1.4 | 1.7 | 2.1 | 1.3 | 1.6 | 2.2 | 1.3 | 1.6 | 2.2 |
| Estimated number of hours per visit | | | | | | | | | |
| Direct nursing service (based on SN visits) | 1.7 | 2.1 | 2.5 | 1.2 | 1.9 | 2.7 | 1.2 | 1.9 | 2.7 |
| Home health aide service (based on HHA visits) | 1.0 | 1.4 | 1.9 | 1.0 | 1.4 | 2.6 | 1.0 | 1.4 | 2.6 |
| Administrative staff | 0.6 | 0.7 | 0.9 | 0.8 | 1.2 | 1.8 | 0.8 | 1.1 | 1.8 |
| Total staff | 2.1 | 2.4 | 2.9 | 2.3 | 3.0 | 4.1 | 2.3 | 3.0 | 4.0 |
| Estimated number of visits per day per FTE ⁵ | | | | | | | | | |
| Direct nursing service | 3.6 | 4.3 | 5.2 | 3.2 | 4.6 | 7.2 | 3.3 | 4.6 | 7.1 |
| Physical therapy service | 5.3 | 6.4 | 7.5 | 4.5 | 6.3 | 9.0 | 4.5 | 6.3 | 9.0 |
| Occupational therapy service | 4.3 | 5.7 | 7.2 | 4.2 | 6.0 | 8.7 | 4.2 | 6.0 | 8.6 |
| Speech therapy service | 3.6 | 4.8 | 7.2 | 3.5 | 5.1 | 7.7 | 3.5 | 5.1 | 7.6 |
| Medical social services | 2.1 | 3.5 | 4.8 | 1.1 | 2.8 | 5.7 | 1.2 | 2.8 | 5.7 |
| Home health aide service | 4.8 | 6.3 | 7.8 | 3.8 | 5.8 | 8.7 | 3.8 | 5.8 | 8.7 |
| Operating Dashboards | | | | | | | | | |
| Cost Per Visit | | | | | | | | | |
| Skilled nursing | | | | | | | | | |
| Salaries | \$ 42.23 | \$ 53.27 | \$ 63.75 | \$ 38.55 | \$ 55.94 | \$ 78.07 | \$ 38.92 | \$ 55.79 | \$ 77.47 |
| Employee benefits | 6.68 | 8.22 | 10.77 | 2.07 | 7.08 | 12.59 | 2.39 | 7.18 | 12.45 |
| Contract services | - | - | - | - | - | 1.05 | - | - | 0.97 |
| Total labor | 49.88 | 63.37 | 77.34 | 50.54 | 68.34 | 94.85 | 50.48 | 67.92 | 94.25 |
| Transportation | 2.57 | 3.43 | 4.45 | - | - | 4.14 | - | - | 4.16 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Total direct care costs | 53.76 | 66.18 | 81.38 | 52.12 | 70.94 | 99.22 | 52.20 | 70.58 | 98.53 |
| Indirect agency costs | 34.40 | 42.87 | 52.71 | 40.85 | 60.69 | 90.86 | 40.31 | 59.52 | 89.43 |
| Total agency cost per visit | 95.03 | 109.75 | 131.06 | 108.15 | 138.96 | 179.38 | 107.17 | 137.42 | 177.84 |
| Provider-based overhead costs ³ | 35.00 | 40.20 | 48.72 | 34.06 | 49.80 | 67.59 | 34.16 | 49.64 | 67.05 |
| Total cost per visit | \$ 95.04 | \$ 110.04 | \$ 133.56 | \$ 109.09 | \$ 141.32 | \$ 186.22 | \$ 108.15 | \$ 139.76 | \$ 184.74 |



2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|--|------------------------------|-----------|----------------|---------------------------------------|-----------|----------------|---|-----------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Operating Dashboards (Continued) | | | | | | | | | |
| Cost Per Visit (Continued) | | | | | | | | | |
| Physical therapy | | | | | | | | | |
| Salaries | \$ 49.85 | \$ 62.81 | \$ 68.42 | \$ - | \$ 18.92 | \$ 67.49 | \$ - | \$ 23.14 | \$ 67.69 |
| Employee benefits | 6.57 | 10.37 | 11.92 | - | 0.36 | 9.95 | - | 0.88 | 10.26 |
| Contract services | - | 1.35 | 17.95 | 0.01 | 37.95 | 78.34 | - | 34.42 | 77.37 |
| Total labor | 73.25 | 78.47 | 86.22 | 71.01 | 83.91 | 100.02 | 71.25 | 83.54 | 99.54 |
| Transportation | 1.90 | 3.02 | 4.03 | - | - | 2.37 | - | - | 2.58 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Total direct care costs | 76.22 | 81.97 | 89.54 | 72.07 | 85.45 | 102.38 | 72.39 | 85.27 | 101.73 |
| Indirect agency costs | 39.36 | 54.48 | 69.93 | 44.60 | 68.73 | 110.76 | 44.25 | 67.72 | 108.75 |
| Total agency cost per visit | 122.38 | 137.97 | 154.59 | 127.99 | 158.96 | 203.99 | 127.48 | 157.50 | 201.73 |
| Provider-based overhead costs ³ | 30.39 | 37.56 | 39.42 | 26.34 | 39.77 | 57.81 | 26.66 | 39.64 | 56.81 |
| Total cost per visit | \$ 123.12 | \$ 139.10 | \$ 156.83 | \$ 130.82 | \$ 161.95 | \$ 208.29 | \$ 130.11 | \$ 160.56 | \$ 206.59 |
| Occupational therapy | | | | | | | | | |
| Salaries | \$ 51.00 | \$ 65.85 | \$ 73.59 | \$ - | \$ - | \$ 68.78 | \$ - | \$ - | \$ 69.47 |
| Employee benefits | 7.01 | 11.01 | 12.76 | - | - | 10.02 | - | - | 10.50 |
| Contract services | - | - | 14.11 | - | 25.62 | 76.97 | - | 21.79 | 75.75 |
| Total labor | 74.47 | 82.29 | 90.00 | 65.10 | 81.06 | 97.09 | 66.04 | 81.14 | 96.52 |
| Transportation | 1.89 | 3.29 | 4.44 | - | - | 2.34 | - | - | 2.63 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Total direct care costs | 78.34 | 85.32 | 93.25 | 66.85 | 83.00 | 99.89 | 67.70 | 83.17 | 99.44 |
| Indirect agency costs | 43.48 | 55.85 | 74.17 | 45.00 | 70.65 | 114.97 | 44.92 | 69.82 | 112.85 |
| Total agency cost per visit | 127.74 | 143.46 | 159.70 | 124.87 | 157.41 | 202.96 | 125.06 | 156.30 | 200.90 |
| Provider-based overhead costs ³ | - | - | - | - | - | - | - | - | - |
| Total cost per visit | \$ 129.96 | \$ 145.42 | \$ 161.07 | \$ 126.90 | \$ 160.45 | \$ 207.60 | \$ 127.06 | \$ 159.30 | \$ 205.62 |



2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|--|------------------------------|-----------|----------------|---------------------------------------|-----------|----------------|---|-----------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Operating Dashboards (Continued) | | | | | | | | | |
| Cost Per Visit (Continued) | | | | | | | | | |
| Speech therapy | | | | | | | | | |
| Salaries | \$ 56.41 | \$ 75.83 | \$ 85.17 | \$ - | \$ - | \$ 75.00 | \$ - | \$ - | \$ 76.62 |
| Employee benefits | 6.77 | 12.50 | 14.73 | - | - | 10.34 | - | - | 11.18 |
| Contract services | - | - | 9.01 | - | 29.51 | 81.59 | - | 22.08 | 80.30 |
| Total labor | 81.89 | 91.85 | 102.13 | 67.09 | 85.40 | 105.86 | 68.00 | 86.06 | 105.73 |
| Transportation | 1.11 | 3.78 | 6.24 | - | - | 2.14 | - | - | 2.74 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Total direct care costs | 85.05 | 96.61 | 109.11 | 68.96 | 87.92 | 109.56 | 70.00 | 88.74 | 109.48 |
| Indirect agency costs | 46.16 | 61.49 | 81.83 | 46.87 | 72.15 | 116.34 | 46.77 | 71.35 | 114.42 |
| Total agency cost per visit | 141.28 | 161.20 | 186.85 | 128.73 | 165.10 | 216.47 | 129.52 | 164.67 | 214.25 |
| Provider-based overhead costs ³ | 32.62 | 50.85 | 68.37 | 27.59 | 39.76 | 59.03 | 27.80 | 40.16 | 59.52 |
| Total cost per visit | \$ 143.27 | \$ 162.16 | \$ 187.88 | \$ 131.70 | \$ 167.96 | \$ 221.04 | \$ 132.07 | \$ 167.48 | \$ 218.73 |
| Medical social services | | | | | | | | | |
| Salaries | \$ 58.25 | \$ 72.60 | \$ 100.18 | \$ - | \$ 49.21 | \$ 95.86 | \$ - | \$ 52.12 | \$ 96.02 |
| Employee benefits | 9.28 | 12.08 | 18.16 | - | 2.21 | 14.98 | - | 3.88 | 15.16 |
| Contract services | - | - | - | - | - | 75.00 | - | - | 75.00 |
| Total labor | 73.06 | 88.40 | 120.20 | 69.33 | 90.00 | 130.60 | 69.59 | 90.00 | 130.00 |
| Transportation | 2.53 | 5.85 | 10.17 | - | - | 4.25 | - | - | 4.71 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Total direct care costs | 79.11 | 95.06 | 126.37 | 71.59 | 92.28 | 135.78 | 72.00 | 92.47 | 135.33 |
| Indirect agency costs | 41.87 | 65.59 | 85.97 | 53.75 | 89.01 | 152.67 | 52.99 | 86.96 | 149.76 |
| Total agency cost per visit | 130.92 | 161.25 | 208.12 | 139.91 | 191.52 | 276.09 | 139.35 | 190.04 | 273.22 |
| Provider-based overhead costs ³ | 33.66 | 39.08 | 47.23 | 37.58 | 65.95 | 126.68 | 36.83 | 63.59 | 123.03 |
| Total cost per visit | \$ 131.63 | \$ 163.27 | \$ 210.78 | \$ 141.19 | \$ 194.33 | \$ 282.18 | \$ 140.53 | \$ 192.28 | \$ 279.01 |



2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|---|------------------------------|-------------|----------------|---------------------------------------|-------------|----------------|---|-------------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Operating Dashboards (Continued) | | | | | | | | | |
| Cost Per Visit (Continued) | | | | | | | | | |
| Home health aide | | | | | | | | | |
| Salaries | \$ 14.26 | \$ 18.08 | \$ 24.23 | \$ 13.80 | \$ 21.14 | \$ 30.19 | \$ 13.89 | \$ 20.91 | \$ 30.00 |
| Employee benefits | 2.19 | 2.93 | 3.88 | - | 2.58 | 4.93 | 0.03 | 2.61 | 4.87 |
| Contract services | - | - | - | - | - | - | - | - | - |
| Total labor | 17.43 | 21.55 | 29.69 | 18.36 | 26.43 | 37.50 | 18.27 | 26.16 | 37.20 |
| Transportation | 2.35 | 4.40 | 6.23 | - | - | 4.04 | - | - | 4.27 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Total direct care costs | 22.22 | 26.17 | 33.88 | 20.43 | 28.67 | 40.79 | 20.53 | 28.53 | 40.52 |
| Indirect agency costs | 12.93 | 18.32 | 24.94 | 15.49 | 25.37 | 42.48 | 15.37 | 24.83 | 41.77 |
| Total agency cost per visit | 37.43 | 45.68 | 55.93 | 41.18 | 57.47 | 80.81 | 40.98 | 56.68 | 79.89 |
| Provider-based overhead costs ³ | 13.73 | 18.86 | 22.31 | 11.77 | 18.48 | 28.40 | 11.86 | 18.48 | 28.16 |
| Total cost per visit | \$ 37.60 | \$ 45.97 | \$ 56.82 | \$ 41.82 | \$ 59.05 | \$ 83.61 | \$ 41.52 | \$ 58.30 | \$ 82.50 |
| Overall agency cost per visit (all disciplines) | | | | | | | | | |
| Direct cost per visit | \$ 64.26 | \$ 72.99 | \$ 83.37 | \$ 56.06 | \$ 72.77 | \$ 93.16 | \$ 56.59 | \$ 72.81 | \$ 92.68 |
| Indirect cost per visit | \$ 36.08 | \$ 47.20 | \$ 57.27 | \$ 39.75 | \$ 60.66 | \$ 94.26 | \$ 39.66 | \$ 59.59 | \$ 92.68 |
| Provider-based overhead costs ³ | \$ 34.72 | \$ 37.46 | \$ 42.79 | \$ 30.75 | \$ 44.57 | \$ 65.36 | \$ 30.75 | \$ 44.29 | \$ 65.13 |
| Overall agency cost per visit | \$ 109.70 | \$ 120.98 | \$ 138.32 | \$ 114.19 | \$ 144.08 | \$ 183.05 | \$ 113.78 | \$ 142.56 | \$ 181.46 |
| Medical Supplies | | | | | | | | | |
| Non-routine medical supplies | \$ 1.92 | \$ 2.86 | \$ 3.77 | \$ 1.24 | \$ 2.78 | \$ 5.00 | \$ 1.28 | \$ 2.79 | \$ 4.91 |
| Medicare Episode Payments | | | | | | | | | |
| Estimated average case-mix weight ² | 1.0275 | 1.1023 | 1.1802 | 0.9041 | 1.0255 | 1.1489 | 0.9082 | 1.0298 | 1.1510 |
| Average payment ratio ² | 0.9488 | 1.0195 | 1.0982 | 0.8499 | 0.9614 | 1.0827 | 0.8536 | 0.9642 | 1.0832 |
| Medicare episode mix by payment type | | | | | | | | | |
| Unadjusted episodes | 86.5% | 88.7% | 91.1% | 81.8% | 86.7% | 91.4% | 81.9% | 86.9% | 91.4% |
| LUPA episodes | 5.6% | 7.4% | 9.4% | 3.4% | 6.6% | 10.3% | 3.5% | 6.7% | 10.2% |
| PEP episodes | 1.2% | 1.8% | 2.6% | 1.0% | 1.9% | 3.1% | 1.0% | 1.9% | 3.0% |
| Outlier episodes | 0.6% | 1.2% | 2.5% | 1.0% | 2.8% | 6.0% | 0.9% | 2.7% | 5.9% |
| Average payment per episode by payment type | | | | | | | | | |
| Unadjusted episodes | \$ 2,592.95 | \$ 2,820.68 | \$ 3,171.76 | \$ 2,538.54 | \$ 2,952.08 | \$ 3,357.62 | \$ 2,543.68 | \$ 2,945.60 | \$ 3,351.49 |
| LUPA episodes | 337.14 | 370.95 | 407.84 | 363.03 | 409.15 | 466.44 | 361.62 | 407.43 | 464.72 |
| PEP episodes | 1,031.62 | 1,199.32 | 1,392.67 | 1,009.94 | 1,281.99 | 1,598.51 | 1,012.61 | 1,278.08 | 1,584.77 |
| Outlier episodes | 3,371.12 | 3,827.82 | 4,409.32 | 3,382.17 | 4,135.81 | 5,054.80 | 3,381.72 | 4,117.14 | 5,030.91 |



2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|--|------------------------------|----------|----------------|---------------------------------------|----------|----------------|---|----------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Operating Dashboards (Continued) | | | | | | | | | |
| Medicare Episode Profitability | | | | | | | | | |
| Average payment per episode | \$ 2,401 | \$ 2,602 | \$ 2,955 | \$ 2,366 | \$ 2,763 | \$ 3,202 | \$ 2,368 | \$ 2,757 | \$ 3,190 |
| Direct costs per episode | | | | | | | | | |
| Salaries | 767 | 925 | 1,082 | 523 | 824 | 1,137 | 531 | 831 | 1,132 |
| Employee benefits | 122 | 158 | 187 | 46 | 106 | 192 | 48 | 110 | 192 |
| Contract services | 1 | 27 | 144 | 29 | 221 | 534 | 24 | 211 | 519 |
| Total labor | 1,008 | 1,166 | 1,329 | 944 | 1,230 | 1,547 | 949 | 1,227 | 1,539 |
| Transportation | 42 | 56 | 71 | - | 7 | 62 | - | 14 | 63 |
| Other direct costs | - | - | - | - | - | - | - | - | - |
| Nonroutine supplies | 17 | 28 | 44 | 0 | 19 | 45 | 0 | 19 | 45 |
| Total direct care costs per episode | 1,095 | 1,264 | 1,434 | 1,071 | 1,348 | 1,679 | 1,072 | 1,343 | 1,666 |
| Direct profit (loss) per episode | 1,200 | 1,367 | 1,595 | 1,019 | 1,386 | 1,761 | 1,029 | 1,384 | 1,752 |
| Direct profit (loss) margin per episode | 48.1% | 52.6% | 56.7% | 40.7% | 51.8% | 60.9% | 41.1% | 51.8% | 60.6% |
| Indirect agency costs per episode | 618 | 833 | 997 | 723 | 1,065 | 1,571 | 718 | 1,048 | 1,550 |
| Total agency cost per episode | 1,871 | 2,065 | 2,315 | 1,978 | 2,423 | 3,002 | 1,969 | 2,401 | 2,964 |
| Profit (loss) per episode based on total agency costs | 404 | 525 | 731 | (49) | 348 | 708 | (25) | 362 | 710 |
| Profit (loss) margin per episode based on total agency costs | 15.5% | 20.3% | 26.9% | -2.3% | 12.7% | 25.4% | -1.4% | 13.4% | 25.5% |
| Provider-based overhead costs per episode ³ | - | - | - | - | - | - | - | - | - |
| Total costs per episode | 1,896 | 2,081 | 2,348 | 2,022 | 2,482 | 3,100 | 2,011 | 2,459 | 3,073 |
| Overall profit (loss) per episode | 371 | 498 | 705 | (147) | 300 | 683 | (126) | 319 | 685 |
| Profit (loss) margin per episode | 14.5% | 19.7% | 26.2% | -5.6% | 11.2% | 24.5% | -4.6% | 11.8% | 24.6% |
| Per Patient Benchmarks | | | | | | | | | |
| Average visits per Medicare patient | 24 | 30 | 37 | 20 | 28 | 41 | 20 | 28 | 40 |
| Direct Cost per patient | 1,768 | 2,117 | 2,599 | 1,414 | 2,050 | 2,879 | 1,428 | 2,053 | 2,867 |
| Indirect Cost per patient | 1,029 | 1,349 | 1,772 | 997 | 1,736 | 3,087 | 998 | 1,714 | 3,024 |
| Provider-based overhead costs per patient | 450 | 681 | 779 | 345 | 809 | 1,316 | 348 | 802 | 1,308 |
| Total agency cost per patient | 3,000 | 3,543 | 4,210 | 2,890 | 4,105 | 5,947 | 2,896 | 4,056 | 5,881 |
| Average Medicare revenue per Medicare patient | 3,892 | 4,609 | 5,459 | 3,425 | 4,572 | 6,203 | 3,446 | 4,575 | 6,178 |



2017 Medicare Home Health Operations Dashboard Report

| Measure | Peer Group Data ¹ | | | Peer Group Data ¹ | | | National Data ¹ | | |
|---|------------------------------|--------|----------------|---------------------------------------|--------|----------------|---|--------|----------------|
| | BKD/SHP Benchmark Leaders | | | All Other Medicare Certified Agencies | | | All United States Medicare Certified Agencies | | |
| | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile | Lower Quartile | Median | Upper Quartile |
| Operating Dashboards (Continued) | | | | | | | | | |
| Gross profit (loss) margin | 39.8% | 49.0% | 54.0% | 31.0% | 45.0% | 57.0% | 31.0% | 45.0% | 56.0% |
| Agency profit (loss) margin | 7.9% | 11.4% | 16.0% | -4.9% | 2.1% | 9.6% | -4.5% | 2.5% | 10.1% |
| Salaries as a % of total costs | 54.7% | 59.7% | 67.8% | 47.2% | 57.3% | 65.8% | 47.6% | 57.5% | 65.9% |
| Salaries as a % of total revenue ⁴ | 46.7% | 52.2% | 56.7% | 44.6% | 56.0% | 66.5% | 44.8% | 55.7% | 66.2% |
| Employee benefits as a % of total salaries | 15.0% | 16.8% | 18.5% | 11.1% | 15.2% | 19.8% | 11.2% | 15.3% | 19.7% |
| Total salaries & employee benefits as a % of total costs | 64.8% | 70.2% | 80.2% | 51.3% | 65.6% | 76.5% | 51.8% | 65.9% | 76.7% |
| Total salaries & employee benefits as a % of total revenue ⁴ | 54.2% | 61.3% | 66.4% | 48.1% | 63.6% | 76.5% | 48.5% | 63.4% | 76.1% |
| Purchased services as a % of total costs | 0.3% | 1.8% | 7.4% | 2.3% | 9.9% | 22.3% | 2.1% | 9.6% | 21.9% |
| Purchased services as a % of total revenue ⁴ | 0.3% | 1.5% | 6.2% | 2.4% | 10.3% | 22.8% | 2.1% | 9.8% | 22.3% |
| Total labor as a % of total costs | 69.7% | 74.7% | 82.4% | 71.9% | 79.5% | 85.7% | 71.8% | 79.4% | 85.5% |
| Total labor as a % of total revenue ⁴ | 60.0% | 64.1% | 69.6% | 66.8% | 76.4% | 86.2% | 66.0% | 75.8% | 85.9% |
| Direct labor as a % of total costs | 50.5% | 55.2% | 65.8% | 39.6% | 51.1% | 61.9% | 40.2% | 51.3% | 62.0% |
| Direct labor as a % of total revenue ⁴ | 43.9% | 47.9% | 54.1% | 36.7% | 48.0% | 59.3% | 37.1% | 48.0% | 59.0% |
| Indirect labor as a % of total costs | 13.9% | 17.0% | 21.6% | 16.6% | 25.3% | 36.7% | 16.3% | 24.9% | 36.2% |
| Indirect labor as a % of total revenue ⁴ | 11.6% | 14.8% | 18.4% | 16.8% | 26.5% | 39.8% | 16.3% | 25.8% | 39.1% |
| Transportation as a % of total costs | 2.3% | 3.0% | 3.8% | 0.0% | 1.5% | 3.2% | 0.0% | 1.7% | 3.2% |
| Transportation as a % of total revenue ⁴ | 2.0% | 2.5% | 3.4% | 0.0% | 1.5% | 3.2% | 0.0% | 1.6% | 3.2% |
| Other costs as a % of total costs | 14.3% | 22.3% | 27.2% | 12.3% | 18.6% | 26.5% | 12.4% | 18.7% | 26.6% |
| Other costs as a % of total revenue ⁴ | 11.6% | 18.7% | 23.8% | 12.1% | 18.9% | 27.1% | 12.0% | 18.9% | 26.9% |
| Administrative & general costs as a % of total cost | 27.2% | 37.9% | 42.7% | 29.0% | 38.9% | 47.2% | 28.9% | 38.8% | 46.8% |
| Administrative & general costs as a % of total revenue ⁴ | 23.7% | 32.8% | 37.3% | 28.1% | 38.1% | 48.3% | 27.9% | 37.7% | 47.8% |
| Capital & plant costs as a % of total cost ⁴ | 2.0% | 2.6% | 3.5% | 1.8% | 2.9% | 4.5% | 1.8% | 2.9% | 4.4% |
| Capital & plant costs as a % of total revenue ⁴ | 1.8% | 2.3% | 3.1% | 1.7% | 2.8% | 4.6% | 1.7% | 2.8% | 4.6% |
| Days in accounts receivable ⁴ | 35.7 | 43.9 | 57.4 | 38.7 | 56.5 | 85.4 | 38.4 | 55.4 | 84.2 |
| Current ratio ⁴ | 1.4 | 4.0 | 14.9 | 0.8 | 1.9 | 5.1 | 0.9 | 1.9 | 5.4 |
| Quick ratio ⁴ | 1.3 | 2.9 | 5.9 | 0.7 | 1.6 | 4.2 | 0.7 | 1.6 | 4.3 |
| Return on equity ⁴ | 0.4% | 11.8% | 35.5% | -10.8% | 11.3% | 69.7% | -9.1% | 11.4% | 68.4% |
| Return on assets ⁴ | 0.1% | 9.4% | 29.0% | -12.6% | 5.2% | 45.3% | -11.1% | 5.3% | 44.4% |

¹Data compiled using all Medicare cost reports available from CMS with fiscal years ending in 2017.

²Estimated based on payment rates effective for the location of the agency rather than service area.

³Dashboard indicator only applies to hospital-based agencies, and accounts for costs allocated to the agency from the provider.

⁴Dashboard indicator only includes freestanding agencies as hospital-based agency data is not available from CMS data sets.

⁵Estimated based on 230 work days per year.

