

Home Health Key Performance Indicators - February 2018

Key Performance Indicator	State of New Jersey			Nation		
	Lower 25%	Median	Upper 25%	Lower 25%	Median	Upper 25%
% of Medicare patients	57.7%	66.3%	74.7%	52.9%	76.8%	99.2%
Average payments per Medicare patient	\$ 3,342	\$ 3,915	\$ 4,385	\$ 3,427	\$ 4,552	\$ 6,217
Average costs per Medicare patient	\$ 2,324	\$ 2,727	\$ 3,599	\$ 2,852	\$ 4,036	\$ 5,833
Number of agencies in database	Total agencies: 43			Total agencies: 9,105		

% of Medicare patients reflects the percent of unduplicated Medicare patients served during the fiscal year.

Average payments per Medicare patient is the average of all Medicare episodic payments received on episodes ended during the fiscal year for unduplicated Medicare patients served during the fiscal year.

Average costs per Medicare patient is the average of all Medicare allowable costs reported during the fiscal year for unduplicated Medicare patients served during the fiscal year.

How Can This Data Be Useful To Me?

Data is most useful when it can be turned into meaningful information. The first step in using data is understanding its source and age. This data was compiled by **BKD, LLP** from Medicare cost reports for freestanding and hospital-based home health agencies with fiscal years ended in 2016. Below are thoughts on making this data useful.

What other ways could this data be useful to you?

Thought 1: Medicare cost report guidelines require Medicare Advantage data to be reported as non-Medicare, so know that all references to "Medicare" in this data represents traditional Medicare only.

Thought 2: Medicare tends to be the highest paying payer in home health. If the % of Medicare patients in your state indicated above is higher than your agency's, this might suggest there is opportunity to capture more Medicare referrals in your market.

Thought 3: Understanding the average payments per Medicare patient in your agency can be helpful when assessing the potential impact of increasing your agency's Medicare volume, since it accounts for the number of Medicare episodes, case-mix weight, and other payment factors. This indicator can also be referred to as "Medicare spending per patient," which is useful when attempting to build patient care collaborations with other Medicare providers in your service area, particularly in markets where Medicare bundled payments are prominent. Medicare spending per patient is a key performance metric in bundled payment programs and is typically a primary area of focus by collaborators, as bundled payment programs tend to incentivize lower Medicare spending per patient.

Thought 4: Understanding the average costs per Medicare patient in your agency can be helpful when assessing potential opportunities to manage patient care in more effective ways. It can also be useful when attempting to demonstrate potential cost savings to patient care collaborators in your market. If the average costs per Medicare patient in your state are lower than your agency's, this might suggest opportunities to manage patient care in more effective ways to reduce costs and improve margins.

Other questions? Contact a BKD advisor by phone at 417.865.8701 or e-mail at:

Mark Sharp msharp@bkd.com

M. Aaron Little mlittle@bkd.com