

HOME HEALTH CARE

# 2024 Executive Forecast: What 6 Top Home Health Leaders Expect Next Year

*Patrick Filbin, December 21, 2023*

Staffing shortages, rate cuts and Medicare Advantage penetration will continue to be trends in the home health market in 2024. Those aren't new. What is new, however, is how providers plan to combat the issues that stem from those trends.

Home health leaders are focused on mitigating margin compression, utilizing more technology, leveraging artificial intelligence, working smarter with MA plans and more in the new year.

Home Health Care News heard from six of these home health industry leaders, who shared their views on the biggest trends, challenges and opportunities that will define home health care in 2024 and beyond.

\*\*\*

Several challenges from 2023 continue to impact home care — most notably, the recently finalized 2024 cuts to Medicare home care reimbursement rates. We will continue to advocate a rollback of these cuts, and with support for our position in Congress, we're optimistic progress will come.

As the labor shortage continues, home care patient referrals continue to go unfilled. Recruiting and retaining talented clinicians is critical. We can expect more flexible hiring approaches including part-time positions, flex-time scheduling and gig labor across the industry.

2024 will bring growing emphasis on insurer efficiencies in coordinating home care services. For example, several national health plans are already taking steps to reduce authorization requirements and in a push to consolidate the managed long-term care (MLTC) market. In New York, the state is requiring low-performing MLTC plans to be absorbed into higher-performing plans — a process that's now underway. Look, too, for

insurers to accelerate the shift of dual-eligible Medicaid recipients to integrated Medicare-Medicaid plans — a trend we're seeing in New York State and among national for-profit Medicare Advantage insurers.

Growth opportunities in 2024 include increased linkage of home care patients to community-based mental health providers — a promising option for addressing America's mental health crisis. The use of technology — including AI — is evolving quickly in home health care to improve patient outcomes, reduce the administrative burden on clinical delivery and improve administrative efficiencies.

**– Dan Savitt, president and CEO of VNS Health**

\*\*\*

We will continue to see the importance of traditional Medicare in the home health industry with increasing momentum on Medicare Advantage. Data and analytics to drive the value proposition will be an important focus for 2024. It will be essential that the industry has the data and outcomes to show the broader value impact — in addition to capacity, home health provides a more positive patient experience with lower costs.

We will continue to see labor challenges impacting market capacity. In addition, the impact to margin of the payer mix and specific payer strategies designed to maximize care will be critical in 2024. Exploring innovative ways to use technology and its effect on potential efficiency and care delivery will continue into 2024 as well.

I see home health as a huge driver of cost savings as well as offering better quality of life and outcomes for patients in 2024. The need to convey that to the payer community and the government is important. We should drive for efficiency as a challenge in 2024, but also to unlock opportunity. Care coordination with other important social determinant drivers — like personal care, transportation, meals delivery and physical activity, as well as clinical care coordination with the health system, primary care doctors and emergent referral sources for quality and timeliness of care, will all be important in the upcoming year.

There is great opportunity in market growth, as more and more people are in need of home care services. We will look to grow capacity in the market through workforce solutions, efficiency and unique partnerships of care delivery and coordination, all driving more market growth.

**– Richard Ashworth, president and CEO of Amedisys**

\*\*\*

In 2024, I believe small agencies who are barely profitable will continue to hang on, mainly because the owner can't sell at a price point the owner personally needs. But running the agency will continue to take an emotional toll for those owners, further tiring them and creating a greater clash point down the road.

There are plenty of challenges on the horizon, but America needs more nurses. It will take another five to 10 years for supply to meet demand.

**– Bill English, president and CEO of Accurate Home Care**

\*\*\*

I believe 2024 will include continued scarcity of labor and pressure to increase labor wage rates across the board — particularly for patient-facing team members. I expect continued expansion of MA plans into rural markets. The biggest health care reform we could pass would be to prohibit the use of the term Medicare in any of these commercial insurance products. It's completely false advertising.

There will be tight access to capital to support acquisition roll ups due to high interest rates, increased political uncertainty and tension that prevents us from having a cohesive national approach to funding the aging-in-place goals everyone wants.

Other challenges ahead include margin erosion due to increased labor costs, reduced revenue associated with Medicare Advantage plan penetration and a lack of top-tier management talent that is as skilled and adaptable as we have seen historically in the acute care market segments. We simply need more leaders who instinctively innovate and solve problems versus clinicians and managers waiting to be told what to do by their large financial planning and analysis teams.

As far as opportunities go, we're finding ways to integrate AI into our clinical documentation processes to reduce the variability of the documentation quality and reduce the time burden on clinicians. We can begin to work with payers to shift our care focus from post-acute and measuring hospital readmission rates, to a more pre-acute and aging-in-place model measuring unplanned hospital admissions in the first place.

There's also room for better integration and utilization of non-skilled home care as the driver for entry into the post-acute care continuum versus acting like it's 1969 and we're all looking for our next Medicare patient discharge following a five-day hospital stay. We can find better use of technology and virtual care models to create at least a 30% increase in labor productivity for our existing labor resources. The supply isn't increasing, so you have to drive labor efficiencies and productivity through technology that also reduces the burden on clinicians.

**– John Kunysz, president and CEO of Intrepid USA Healthcare Services**

\*\*\*

From where it stands now, 2024 will be the first year that most states will be tipping over 50% of Medicare Advantage penetration. Nationally, we will all have to contend with the reality that MA is here to stay and about to define the way we provide care.

On the latter point, 2024 is the year for tomorrow's home care provider to build plans on how to thrive — not just survive — with Medicare Advantage. The home health industry is going to see disruption in 2024 and subsequent years. It's an exciting time to be part of this industry.

**– Brent Korte, CEO of Frontpoint Health**

\*\*\*

The market has never lost confidence in home health's ability to grow — nor lost confidence in the importance it has in the post-acute segment. I think confidence will restore as acquisitions occur and more focus comes on it. I think you'll begin to see the market dynamically shift back toward investor prowess in the M&A piece. Folks are going to want to be invested in the long-term mechanics of home care.

The trend in Medicare Advantage continues to rapidly outpace preparation by the industry — unless you're building something specifically for MA. The world's changed. The ability to hold the 50-plus traditional Medicare episodic mix in home health is really just gone. It's just not something that occurs in the markets we look at. It's very difficult to hold that type of mix.

Now, the ability to expand the business and expand episodic care, unfortunately, comes with the failure of some smaller companies or the acquisition of those companies so that we can grab that market share and grab episodic business.

What our company is doing is, we're focused on understanding exactly how those Medicare Advantage payers work, building models that support them that are remote and that are driven with data and analytics through our Carelytics system. Models where we can sit down and understand how to work with patients longitudinally, do cross referrals internally and then take the business that those payers really need to take in markets where they're struggling with providers.

It comes from creating a very efficient model of care delivery, which is predominantly focused on having the finite nursing resources and managing that to the absolute best of our ability. In our case, anything that does not have to be managed by a nurse, we take it out of their hands and we manage it by others. We don't want them to work on those tasks. We're focused on the execution of highly capable nurses and the things that only they can do.

– G. Scott Herman, founder and CEO of New Day Healthcare

***HHCN is an independent source for breaking news and up-to-date information on the senior in-home care industry. Their coverage spans the home care world specifically, from large, national service providers to independent care companies. Their news and perspective give industry professionals the information they need to make the best decisions in their day-to-day business operations. HHCN has 636,710 monthly visitors.***