



Inside Bayada, Enhabit and VNS Health's Payer Innovation Strategies

Joyce Famakinwa, October 02, 2023

Over the years, payer innovation has become a larger part of the overall strategy at home health companies. As such, the leaders that are in charge of innovating have become more visible.

Companies like Enhabit Inc. (NYSE: EHAB), Bayada Home Health Care and VNS Health are just a few of the home health organizations that have made payer innovation a priority.

At Bayada, this means taking a portfolio approach to strategic payer partnerships, particularly with ones that are willing to invest in the workforce.

“Over the past couple of years, we have doubled the amount of managed care revenue that is tied to value-based contracts,” Sue Chapman Moss, managing director of payer and provider contracting and strategy at Bayada, told Home Health Care News. “That comprises both Medicare Advantage and managed Medicaid plans.”

Bayada’s payment models range from those with performance bonuses, to case rates, to shared savings deals, as well as a number of other value-based payment methodologies, according to Moss.

For VNS Health, value-based contracting and Medicare Advantage (MA) have been the main areas of focus. When negotiating with payers, the company leans into taking on risk.

“You’re at risk for total cost of care, or rehospitalization, and now, if you decide to cheat and provide less visits, and your rehospitalization goes up, you’re going to have to pay a downside penalty,” Devin Woodley,

vice president of managed care contracting and B2B sales at VNS Health, told HHCN. “When the rehospitalization rate goes down, we’ll actually share in those savings, you actually can earn a bonus. That’s how we’re able to win the plans and gain their trust.”

Currently, VNS Health’s home health MA book of business is 97% episodic and 3% visit-based, and the company has 68% managed care penetration in New York.

Enhabit tries to create “win-win” agreements with its payer partners, according to Debra Konjanovski, senior vice president of payor innovation at the company.

“They get access to our high-quality care, superior outcomes and evidence-based specialty programs, and we get access to more members and competitive rates and terms,” she told HHCN in an email. “The conversation always begins with data, so we can highlight our high-quality performance. We have an incredible data and analytics team that helps us target payers by market. They use internal proprietary data, third party data and even several public sources to target payers. We also listen to our local teams to understand which payers they need us to bring under contract.”

Enhabit has mainly set its sights on MA and commercial payers.

“We always focus the conversation on quality, patient access, fair reimbursement with an emphasis on episodic structures, lessening administrative burden and value-based incentives,” Konjanovski said.

Since the third quarter of 2022 through the second quarter of this year, Enhabit has negotiated agreements with 37 payers, and Konjanovski expects that there will be more to come.

On its end, Bayada views value-based care as a team sport that goes well beyond the company’s payer contracting team.

“We involve our service office directors or clinical leaders, and our colleagues in IT, quality and finance to help us be able to deliver on our aspirations of keeping people safe at home and lowering the cost of care,” Moss said.

Bayada is working with payers that are willing to reward timely care, reliable caregivers, and fewer unnecessary trips to the hospital.

“Our approach is simple, but it’s working for us,” Moss said. “At the end of the day, we can hire more nurses, and we’re caring for more clients, and improving network adequacy.”

The company has roughly a dozen individual deals with national and regional health plans.

Despite seeing success with their payer strategies, the challenges in this area are not for the faint of heart.

“Historically, payment model innovation has largely focused on the delegation of risks to primary care physicians and hospitals,” Moss said. “Therefore, for home based care providers, our biggest challenge that we overcome is payer readiness to translate value-based arrangements into home health networks.”

Moss pointed out that larger and more progressive plans are more willing to innovate, but oftentimes Bayada is in conversation with payers that have never entered a value-based arrangement with a home health provider.

Similarly, Enhabit has run across payers that don’t fully understand the value of home health care.

“We spend time educating payers about how high-quality providers like Enhabit can reduce the overall cost of care,” Konjanovski said. “We also find that we are more nimble and innovative than some payers in what we can agree to and how we can handle reimbursements and payments. It takes time, energy and focus to move things forward, but we are putting in the effort to do so at Enhabit.”

Looking ahead, Woodley believes that payer diversification will become increasingly critical for home health providers.

“It allows us not to be beholden to one individual payer, if we’re having a difficult negotiation,” he said. “It also helps us on the referral side. One of the reasons why referral sources love us is because we’re contracting with, essentially, every major payer.”

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