



Perspectives on Trends within
the Home Care Industry:
Disease Management

White Paper
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Background & Introduction

Throughout the health care continuum, two emerging trends have recently drawn significant attention—Disease Management (DM) and Pay for Performance (P4P). In home health care, these topics are surfacing in discussions about the challenges and opportunities in the future of agency management.

While many argue that the full impact of DM and P4P will not be felt for many years to come, if at all in home care, thought leaders throughout the home health market suggest that we may observe an initial emergence of these practices soon.

As an information contributor to the health care community, Outcome Concept Systems (OCS) has prepared the following white paper to provide insight into how home care agencies can prepare their businesses to sustain through the difficulties while seizing competitive advantage during shifts in market dynamics related to DM and P4P.

The first of a two-part series, this document offers introductory information about disease management, focused on defining DM and providing recommendations for identifying opportunities and preparing for DM in the home care industry. The second white paper of the series will address pay-for-performance and discuss how these concepts and the preparation for success in each are related.

What is Disease Management?

According to the Disease Management Association of America (DMAA), “DM is a system of coordinated health care interventions and communications for populations with conditions in which patient self-care efforts are significant.”

In essence, DM is a shift away from treating episodes of acute exacerbation of chronic disease towards prevention through evidence-based practice guidelines and patient empowerment strategies. DM programs do not seek to replace the

patient/physician relationship; rather, the goal is to support the relationship between the patient and physician or practitioner in addition to the plan-of-care through education, reinforcement, and communication.

Components of a comprehensive DM program generally include:

- **Population identification processes**—Defining the types of patients targeted to be part of the specific program
- **Evidence-based practice guidelines**—Tools and techniques employed to systematically achieve goals
- **Collaborative practice models to include physician and support-service providers**—A method of communication between two or more providers to ensure care coordination
- **Patient self-management education (may include primary prevention, behavior modification programs, and compliance/surveillance)**—Information, activities, and techniques taught to patients for the purpose of reinforcing self-management and other behaviors
- **Process and outcome measurement, evaluation, and management**—To determine if the patients are benefiting from the services provided
- **Routine reporting/feedback loop (may include communication with patient, physician, health plan and ancillary providers, and practice profiling)**—Data presented and used to measure, communicate, and reinforce success

Disease management is an approach to caring for specific groups of chronic and/or high-risk participants. This approach may include targeted educational materials, telephone calls for education and outreach, group sessions, videos, email communication, and/or home visits. Ultimately, the goal of DM is to help participants manage their conditions more effectively and, as a result, avoid unnecessary and costly hospitalizations and emergency room visits.

Disease management is not simply investing in a phone bank of clinicians to answer questions. Within home care, DM is not simply implementing a telemedicine system or a clinical pathway. While all of these items might be components of an overall DM program, they are not in and of themselves the DM programs. These

approaches are a means to an end. The key is a well-designed, comprehensive program utilizing the necessary tools to achieve the required end result.

Based on the premise that healthy people cost less, an effective DM program seeks to enhance overall patient outcomes and simultaneously reduce overall expense.

Disease management programs typically include patients with chronic conditions, such as congestive heart failure (CHF), asthma, or diabetes. Participants may also be recruited based on risk factors, such as obesity or tobacco use, or support needs, such as a frail elder or someone with a need for pain management.

In the rapidly growing and evolving market of disease management, it is becoming necessary for providers to collect (or work with others to collect) appropriate data to measure, refine, and ultimately justify the program. Although DM seems to make sense in principal, to date there is little formal data supporting the efficacy of DM programs. As more payers and government agencies begin sponsoring DM programs, there will be an ever-increasing demand for data about the effectiveness of these programs.

Why Disease Management, Why Now?

Why the interest in disease management? Above all, chronic disease is expensive. According to the CDC's Chronic Disease Center, 70 percent of the nation's medical expenses can be attributed to chronic disease. The total cost for treating chronic conditions nationally is \$510 billion annually. That number is expected to increase to \$1.07 trillion by 2020. Diabetes, CHF, and coronary artery disease alone account for more than \$250 billion in direct and \$492 billion in total costs.

In addition, many believe that our nation could be doing a better job of managing chronic disease, despite the dollars being spent. The Institute of Medicine's (IOM) report, Crossing the Quality Chasm: A New Health System for the 21st Century (National Academy Press, 2001), highlighted the challenge of assuring that patients with major chronic conditions receive adequate care. According to the IOM, the

current health care delivery system is designed to manage acute care episodes, not manage and support individuals with chronic diseases. Care providers are organized into specific settings (for example, hospitals, physician offices, home health care, long-term care, and preventive services) and paid for services provided in those settings. Other literature also supports the argument that providers' incentives favor focusing on each patient only while he or she is within the provider's care setting, rather than throughout all care settings.

Medicare beneficiaries comprise a population that is disproportionately affected by chronic conditions and health problems¹, and these chronic problems contribute disproportionately to Medicare expenditures. Beneficiaries with five or more chronic conditions represent only 20 percent of the Medicare population, yet they account for 66 percent of program spending.

In 2004, Centers for Medicare and Medicaid Services (CMS) initiated several DM pilot programs, exploring the use of DM to address chronic conditions and health problems among Medicare beneficiaries. One such project is the Chronic Care Improvement Program (CCIP), designed to optimize both cost and outcomes for Medicare beneficiaries with diabetes, CHF, and COPD.

CHF and diabetes are among the five most common chronic diseases among Medicare patients. Patients with these diseases tend to have complex self-care regimens and medical care needs. In addition, many of these individuals have other chronic conditions that add to their self-care burden and risk of developing co-morbid conditions, complications, and acute care crises. The severity of health risks to these patients vary depending on how effectively they are able to manage their conditions in daily life and whether or not they receive appropriate medical care and effective care coordination. Managing conditions successfully may require ongoing guidance and support beyond individual provider settings.

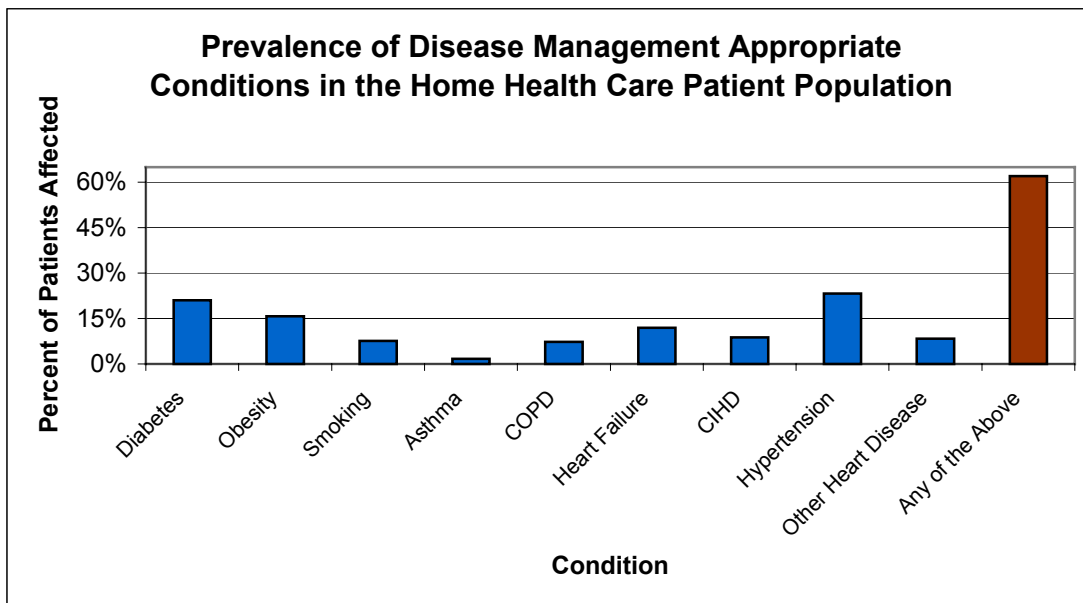
¹ Anderson, G. *Testimony before the Subcommittee on Health of the House Committee on Ways and Means, Hearing on Promoting Disease Management in Medicare. 16 April 2002.*

How Does Disease Management Relate to Home Care?

Disease management impacts every provider in health care. As DM becomes more prevalent and prominent, health care providers need to understand the potential impact of DM on their patients, business, and practice patterns. Among all providers, home care executives have distinct opportunities and challenges because there are several unique intersections between DM and home care.

First, the types of health problems predominately seen in home care patients are the types of conditions targeted in many DM programs across the country—diabetes, CHF, COPD, smoking, and obesity. These conditions affect more than 60 percent of home care patients across the country (*see Exhibit A*). Including other potential DM target groups, such as pain management patients or frail elderly, the vast majority of home care patients are afflicted with some disease management-appropriate health issue.

Exhibit A



Second, patients with chronic conditions tend to be less profitable than other types of patients. According to the proprietary OCS database, which includes more than 12 million home care patient records nationwide, patient episodes with chronic

conditions present, such as CHF and diabetes, tend to be less profitable than other types of patients.

Third, the goals and challenges of most DM programs mirror those of the home care industry. Patient education, encouraging patient involvement in care, and addressing problems associated with non-compliance are common to home care and DM programs alike. Furthermore, both home care and DM programs seek to minimize unnecessary hospital admissions and emergency room visits.

While all of the above speak to common conditions, goals, and challenges, the final intersection relates to opportunities for home care agencies to participate in a broader DM capacity. In recent months, discussions have developed around what constitutes a DM entity. Is it a DM company, a hospital system, a group of organizations, or something else? Could it be a home care agency? Or could a home care agency be a component of a DM program?

Depending on the sponsoring organization, definitions of “DM Provider” will vary. DM providers may be a group practice, a department or division within a payer organization, a health care provider, or an integrated delivery system. More creative approaches to providing DM services may emerge. The CMS CCIP program opened the door to a broader definition when they listed among potential DM companies “or a consortia of these entities or other legal entities the Secretary determines appropriate.” More or less, any entity can be a self-described “Disease Management Company.” Depending on strategy and timing, a home care agency could become a key component of an overall DM program, or even seek to be a complete DM program. This is a significant opportunity for the home care industry—an opportunity that many executives are already beginning to explore.

What Opportunities May Exist for Home Care Agencies?

Home care executives across the country have taken different approaches to developing strategies for DM. On one extreme, there are home care agencies that

have completely shifted their operations from traditional home care to becoming a DM company, literally closing operations as a home care provider and opening a call center of nurses focused on certain DM conditions. On the other extreme, many agencies are unaware of opportunities in the larger DM marketplace.

The opportunities for home care agencies in the DM market may not be immediately obvious to some, but they definitely exist. It is helpful to examine the components of a DM program described earlier and address how home care agencies may fit into these components:

- **Population identification processes**—The types of chronic conditions typically identified for many DM programs are very similar, if not identical to, the types of patients cared for in a home care setting.
- **Evidence-based practice guidelines**—Many home care agencies routinely employ clinical pathways, protocols, or other systematized mechanisms for specialty programs. New practice guidelines are implemented regularly in many home care companies, although industry-wide consensus does not yet exist on these approaches.
- **Collaborative practice models to include physician and support-service providers**—Home care agencies have historically approached patient care in a collaborative manner, partly due to legal requirements and partly due to general philosophical underpinnings of home care.
- **Patient self-management education (may include primary prevention, behavior modification programs, and compliance/surveillance)**—Patient education, communication, and the use of compliance/surveillance tools (such as telemedicine) are core components of many successful agency programs.
- **Process and outcomes measurement, evaluation, and management**—The OASIS data set and its output, OBQI and OBQM measures, provide a standardized, comparative method of measuring the outcomes of patient care. In fact, this tool is arguably better than any available in the DM arena, since it is standardized and used by home care agencies across the country.
- **Routine reporting/feedback loop (may include communication with patient, physician, health plan and ancillary providers, and practice profiling)**—Communication of results is already a part of many home care agencies' practices and OBQI or performance improvement (PI) processes.

The bottom line is that the home care industry, by its very nature, has many of the core components of a DM program already in place. What individual agencies

choose to do with these pieces remains an issue of strategy, management direction, finances, goals, and preferences.

In general, home care agencies are a logical fit in an overall DM program, particularly as a part of an integrated delivery network (IDN).

A couple of examples:

- Agencies could contract with larger DM programs to provide home visits when necessary to assess patient compliance and provide more detailed education/instruction.
- Home care agencies could also become the centerpiece of a DM program, working within the program with other providers to direct and coordinate care for the chronically ill population.

Regardless of the specific strategy, it is critical that managers understand the trends, issues, and opportunities so that they can begin to proactively prepare for this emerging trend in home care.

A few home care agencies have already begun to develop strategies involving DM. In 2004, OCS conducted a survey of over 700 home care agencies. In this survey, less than 40 percent of agencies reported involvement in any DM activity. In recent industry discussions, many have expressed confusion about exactly what constitutes a DM program and what kinds of activities a home care organization can undertake in this area. Based on these findings, we can conclude that there remains a need for agency executives to focus attention on the role of home care in a DM world. This is one of the greatest business and marketing opportunities of the next few years.

What Steps Can a Home Care Agency Take to Prepare for Disease Management?

1. **Educate yourself and your management team about DM trends.** Understanding activities as they related specifically to the home care marketplace is important, but so is developing a knowledge that extends beyond the traditional boundaries

of home care. By understanding the market, your organization can determine how to create or take advantage of opportunities.

- 2. Know and understand your relative performance for specific diseases and conditions.** It is not enough to understand your organization's overall performance—overall numbers may be masking opportunities or problems in the aggregate data. For example, an organization with better than average hospital admission rates might have excellent rates associated with orthopedic patients, but poor rates associated with CHF patients. While the overall rates seem good, if the agency were to participate with a CHF disease management program, its leaders might be unpleasantly surprised by performance for this subset of patients. A thorough examination of key subsets of patients in comparison to benchmarks for similar patients is critical.
- 3. Objectively measure and understand the efficacy of various interventions on those conditions.** Many agencies are considering implementation or augmentation of interventions including telemedicine, clinical pathways, care plans, or specialty programs. While these can all be excellent tools, it is critical that agency management clearly understands whether or not these tools actually achieve the desired results. For example, if the goal of your telemedicine program is to reduce hospitalizations in your CHF population, it is important to measure whether or not CHF patients on telemonitors have reduced hospitalizations. Likewise, if your clinical pathway is designed to reduce the number of visits and increase outcomes in medication management for your diabetic patients, it is important to determine if those goals been achieved? Comparisons between patients with the intervention to similar patients both in your agency and externally can be excellent tools in determining the best approach to your patient care.
- 4. Understand your local market.** Local market factors can play significant role in developing agency strategy. Discover whether there are DM programs in the market and determine what is happening at the state level. These activities may

help management devise specific strategies. For example, if the state is conducting a DM pilot for frail elderly, perhaps agencies within the state should determine whether there are dollars for home assessments of this population.

5. **Know your competition.** Before initiating any strategy, executives must understand the local and state DM competition. Glean this information by reviewing web sites or press releases.
6. **Challenge assumptions.** DM is a different approach to patient care. Therefore, if an agency wishes to pursue a DM strategy, it is useful to examine and challenge some long-held assumptions. For example, it may be beneficial to contract with a DM company to make home visits for non-compliant patients. While these patients may not be “homebound” by Medicare’s definition, there may still be opportunity for a home care agency to provide care as a service to the DM provider. If the visit is a part of the contract (and paid for) by a payer other than Medicare, it may be worth considering these types of patients for home visits.
7. **Develop and implement a plan.** This last step seems self-evident, but too often organizations do not actually take the step of clearly deciding on their strategy, planning the necessary steps to achieve it, and executing on the plan. It may be that the strategy is to stay out of the DM market. If so, that’s fine—but it should be a strategy based on a thoughtful examination of the market, agency capabilities, and opportunities.

In Summary

Disease management is a concept that has received increased attention from payers, legislators, employers, and providers. Because it addresses an approach to care for chronically ill patients, it has significant implications for the home care industry. As the DM industry is still relatively new, home care agencies can bring significant expertise to the care and education DM companies intend to provide. Forward-thinking home care agencies have the chance to grow their businesses and potentially help shape the role of DM in their market. The keys are to understand DM concepts, evaluate agency strengths and weaknesses, and apply thoughtful leadership and planning to capitalize on the opportunities presented.

About Outcome Concept Systems

Founded by a team of home care professionals, OCS has been providing home care organizations with performance improvement solutions since 1992. With over 1,500 clients spanning all 50 states, OCS maintains the nation's largest proprietary home health benchmark database comprised of clinical outcome and utilization information. OCS uses this information to provide the industry with education as well as products and services to guide decision-making and improve outcomes. Endorsed by trade associations throughout the country and recommended by major MIS vendors, OCS is the premier quality management vendor for home health, hospice, infusion, DME, and private duty organizations.



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