



Vision Award Profile
An Analysis of Amedisys—
Strategies for Success

White Paper
05-001

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Background & Introduction

Home health providers exist within an increasingly complex business environment, where society, patients, and payers all require agencies to carefully balance the relationship between the cost of providing care and the quality of service delivered. Furthermore, as pay-for-performance (P4P) develops into a home health business reality over the next year¹, the relationship between the two will become progressively more difficult and important to manage. The ability to constantly enhance and balance the cost/quality equation remains one of the key factors that differentiate the best performers in home health care. In practice, many providers struggle with this operational reality.

As agencies adapt to current and future market pressures, exceptional performance, as well as operational challenges, often manifest in the form of comparative data across three major areas:

- Rate of hospitalizations
- Quality outcome scores
- Average visits performed per patient as a measure of resource utilization

When Amedisys won the 2004 OCS Vision Award, Outcome Concept Systems, Inc. (OCS) initiated an independent evaluation of the Amedisys organization's outcome data. Upon review, we determined that Amedisys demonstrates outstanding performance across each of the areas noted above. Specifically, the data shows that the organization is able to care for an especially chronic patient population while achieving higher than average outcomes in the context of effective resource management.

¹ Home Health Pay-for-Performance (P4P) is a model whereby CMS provides agencies with either a bonus or a payment withhold based upon achievement of certain outcome performance thresholds. While the P4P model is still under construction, current information suggests that it will be implemented within the next 2-3 years in home health.

Case Mix and Patient Acuity

Chronic patient cases, as a general rule, tend to require significantly greater resource expenditure during the course of standard care delivery. Patients with chronic conditions tend to be more difficult to stabilize and/or achieve outcome improvement. Therefore, many providers view chronic cases as especially resource intensive, as the agency must not only offer standard services, but also provide additional care to maximize the likelihood that these patients improve in key outcome indicators.

The regions where Amedisys provides care have historically been home to some of the nation's most chronic patients. Data collected from almost 800 agencies across more than one million patient cases ending during the calendar year 2004 demonstrate that the South and Southwest Medicare Regions (regions 4 and 6, respectively) tend to have a higher than average percentage of patients with chronic conditions.

In the case of Amedisys, the organization's data is not only consistent with this trend, but it further shows that Amedisys patients are actually more chronic than the majority of patients in the South and Southwest.

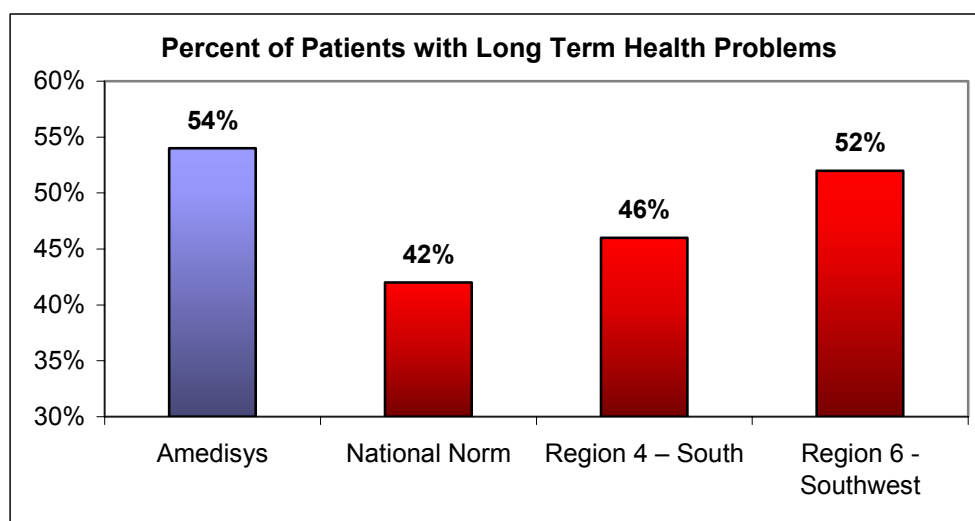


Chart 1
Data Source: Outcome Concept Systems, Inc. (OCS)

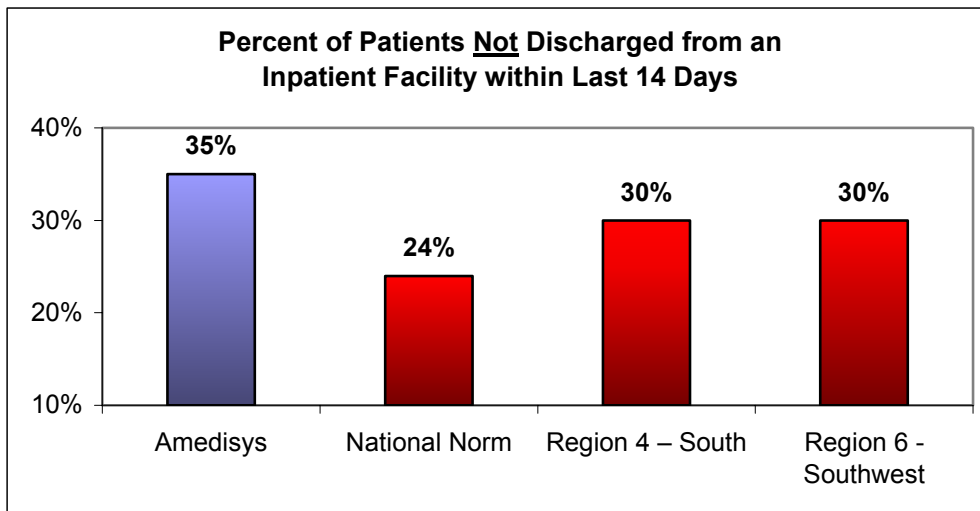


Chart 2:
Data Source: Outcome Concept Systems, Inc. (OCS)

As Charts 1 and 2 above demonstrate, the Amedisys patient population is statistically significantly different than national and regional norms in that it includes more patients with long term health problems and more patients not discharged from an inpatient facility. Patients who are admitted to home health after a hospital admission are frequently patients who experienced an acute health problem and are often expected to make a partial or full recovery. Patients who were not in an inpatient facility prior to home health are often patients suffering from long-term health conditions who are referred to home health to treat a decline in their health status.

Additionally, the data demonstrates that Amedisys tends to have a higher percentage of patients with a poor overall prognosis and guarded rehab prognosis at the start of care, both of which are the lowest potential category of prognosis for a patient in a home health setting (Charts 3 and 4).

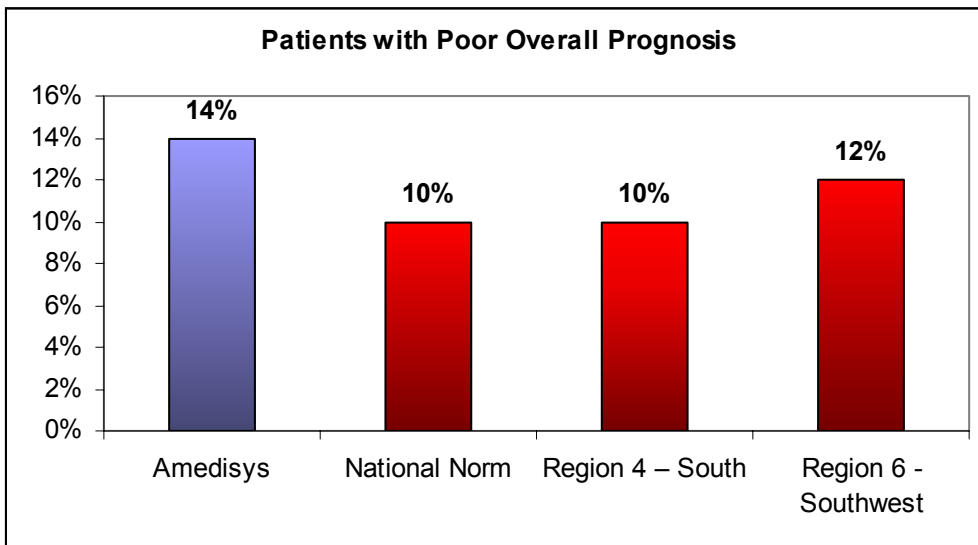


Chart 3:
Data Source: Outcome Concept Systems, Inc. (OCS)

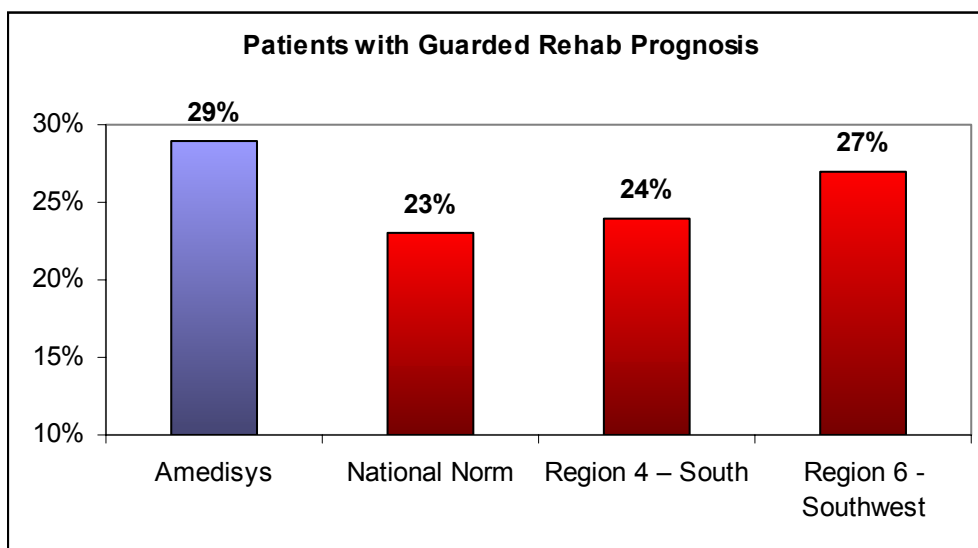


Chart 4:
Data Source: Outcome Concept Systems, Inc. (OCS)

A higher percent of Amedisys patients are admitted to home care with ulcers, commonly referred to as bed sores (Charts 5 and 6). As well as being highly resource intensive, both pressure ulcers and stasis ulcers tend to be a sign of a patient with chronic and declining conditions.

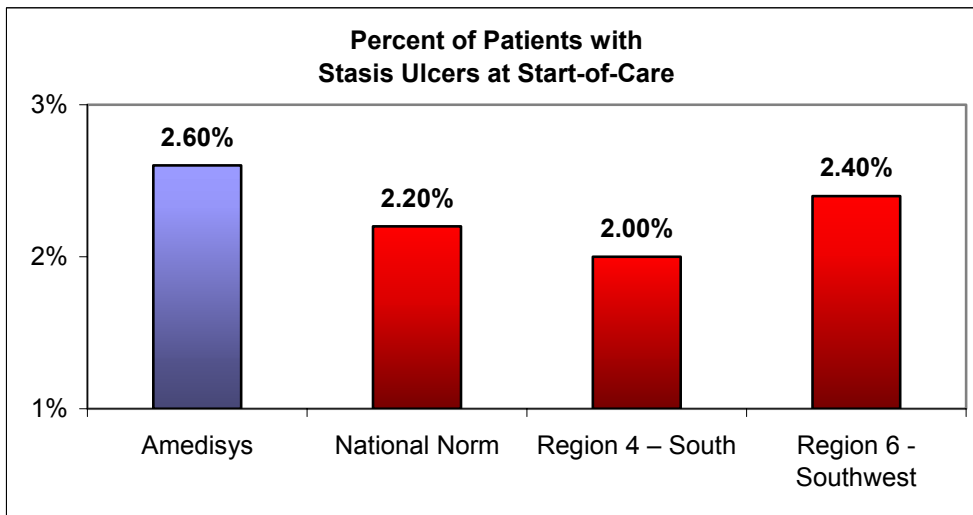


Chart 5:
Data Source: Outcome Concept Systems, Inc. (OCS)

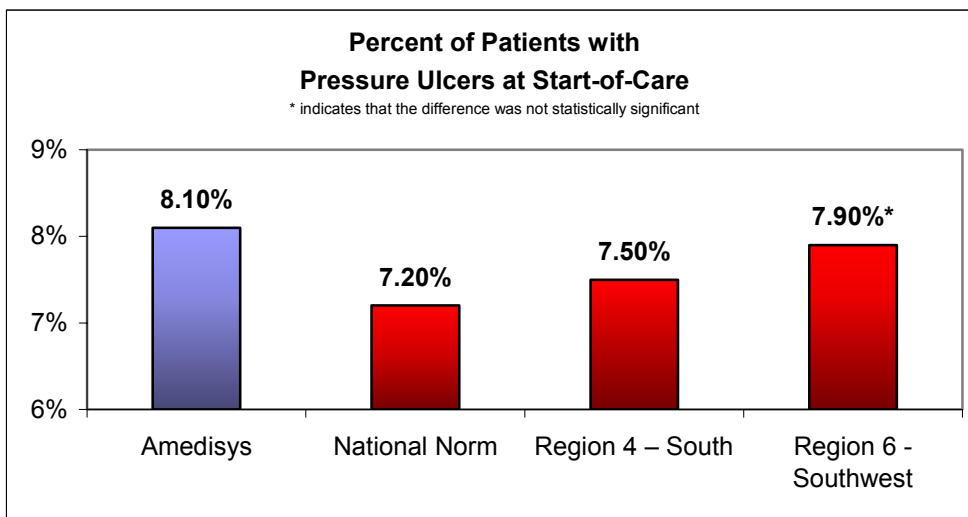


Chart 6:
Data Source: Outcome Concept Systems, Inc. (OCS)

Prior OCS studies have demonstrated that the presence and participation of a caregiver in the patient’s home is another factor that can dramatically impact home health outcomes in a positive fashion. Amedisys patients are less likely to have a primary caregiver taking responsibility for the patient’s health care and clinical progress (Chart 7).

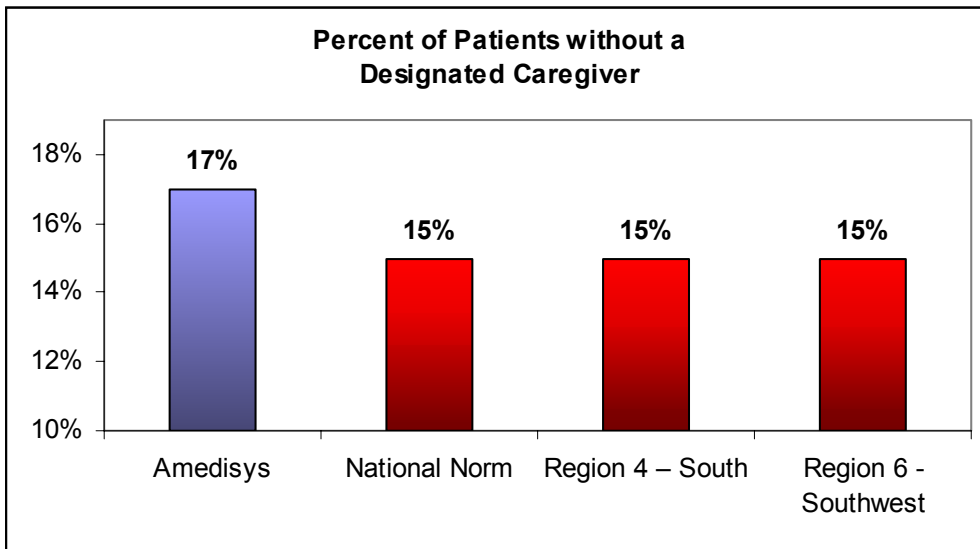


Chart 7:
Data Source: Outcome Concept Systems, Inc. (OCS)

Conclusion: The Amedisys patient population tends to be more challenging than national or regional counterparts in terms of acuity, chronicity, and caregiver status.

Outcomes and Quality of Care

Based upon the above analysis, one would expect outcome scores to be slightly lower as a reflection of the case mix associated with the Amedisys patient population. To the contrary, Amedisys demonstrates consistently exceptional outcome performance, as evidenced by the trend displayed in Chart 8.

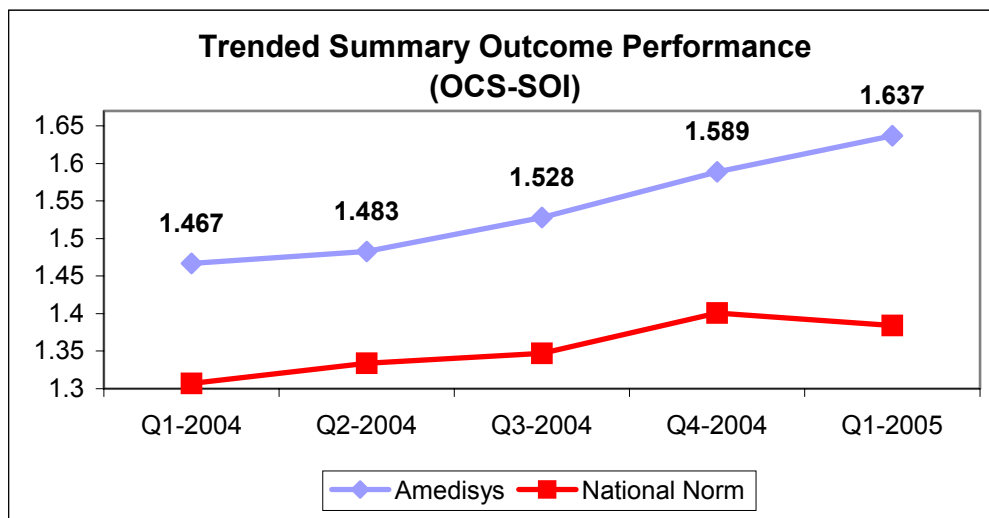


Chart 8:
Data Source: Outcome Concept Systems, Inc. (OCS)

OCS developed the OCS-Standardized Outcome Index (OCS-SOI) in 2001 to measure agencies' overall performance in managing quality outcomes. The Standardized Outcome Index² (SOI) is a representation of an agency's overall performance in managing outcomes/quality of care. It compares several OASIS items at SOC and discharge to calculate a single patient score; outlier patients are removed and the remaining rolled into agency scores.

The above graph trends the OCS-SOI from the first calendar quarter of 2004 (Q1-2004) through the end of the first quarter 2005 (Q1-2005), comparing national data to that of the Amedisys organization. The trend lines indicate that Amedisys not only achieves higher outcome scores than national norms, but the organization demonstrates consistent improvement in outcome performance, even as the national average declined slightly in the most recent quarter.

Another look at outcomes data - comparing individual measures side-by-side - also showcases the high quality of care provided by the Amedisys organization. In an analysis of eight improvement measures that are key to home health patients, Amedisys outperforms the national standard and the benchmark of other for-profit providers in every comparison.

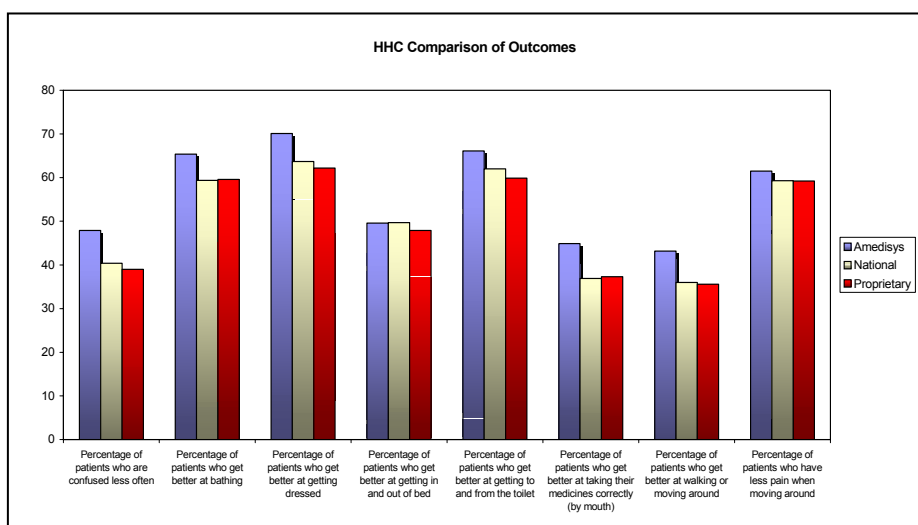


Chart 9: Data Source: CMS Home Health Compare (March 04-Feb 05), analyzed by Outcome Concept Systems, Inc. (OCS)

² The Standardized Outcome Index (SOI) is a representation of an agency's overall performance in managing outcomes/quality of care. It compares several OASIS items at SOC and discharge to calculate a single patient score; outlier patients are removed and the remaining rolled into agency scores.

The data in Charts 9 and 10 include outcomes data risk adjusted by CMS. It represents more than 7,800 agencies in the national comparison and almost 4,700 agencies in the proprietary comparison. Agency-level and national norms are available publicly on the CMS web site, www.medicare.gov.

In addition to overall outcome performance, hospitalization and emergent care rates provide excellent insight into the quality of care delivered. Even though Amedisys cares for a more chronic patient population, thereby making them more likely to seek urgent and unplanned care, data shows that patients cared for by Amedisys are less likely to utilize emergent care services than patients seen nation-wide and by other for-profit home health providers.

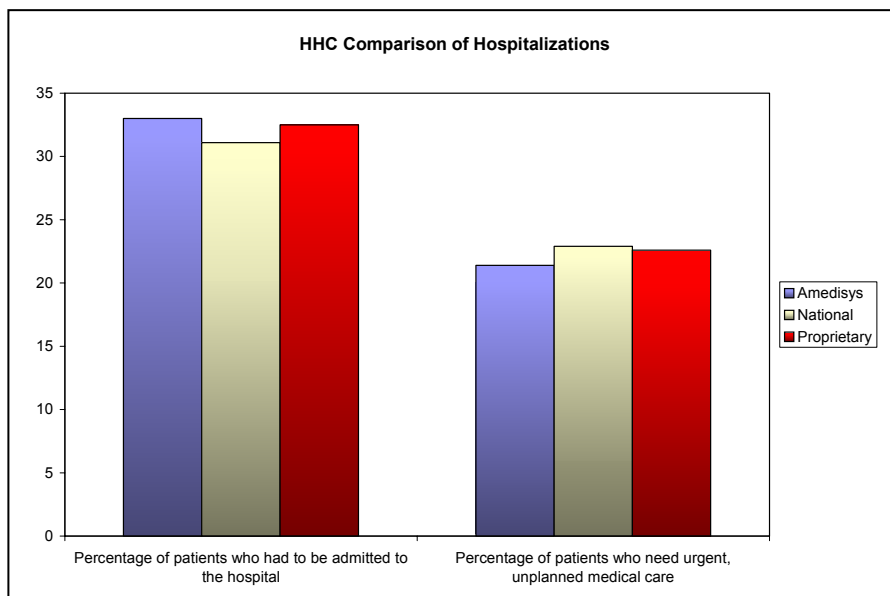


Chart 10:
Data Source: CMS Home Health Compare, analyzed by Outcome Concept Systems, Inc. (OCS)

While the risk-adjusted data demonstrates that Amedisys has a slightly higher rate of hospitalizations than the national norm, a comparison of hospitalizations per 90-days of care provided shows Amedisys exceeding the national standard. As depicted in Chart 11, Amedisys patients have slightly fewer hospitalizations per 90-days of care than other home health agencies. This is an especially important statistic for a provider with a more chronic patient population and a longer length of stay (the average LOS for Amedisys patients in 2004 was 63 days as compared to a national average of 46 days).

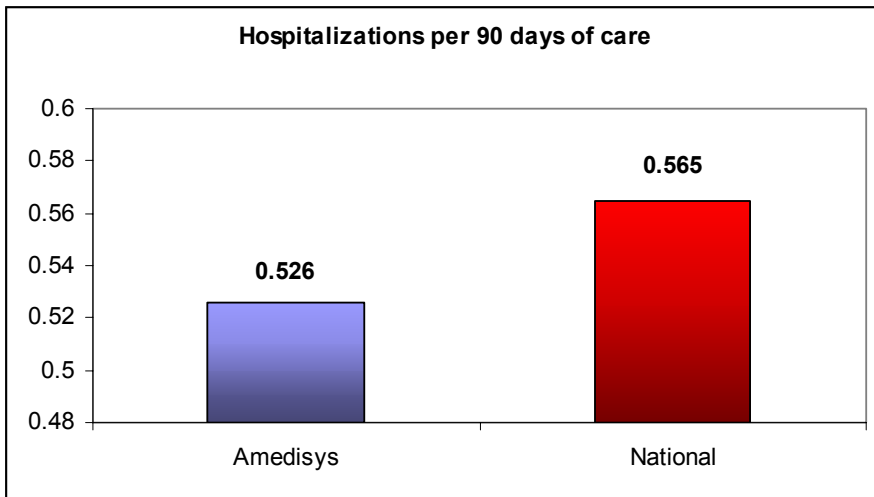


Chart 11:
Data Source: Outcome Concept Systems, Inc. (OCS)

Conclusion: In spite of a more acute and chronic patient population, Amedisys has achieved exceptional performance in quality outcomes and re-hospitalizations.

Effective Resource Utilization

Being able to offer high quality of care is an important characteristic of a health care provider. Providing high quality of care efficiently is an accomplishment of a higher order. In the following analysis, we examine quality (measured by the OCS-Standardized Outcome Index) in the context of visits provided, comparing the Amedisys results to that of national norms (Chart 12).

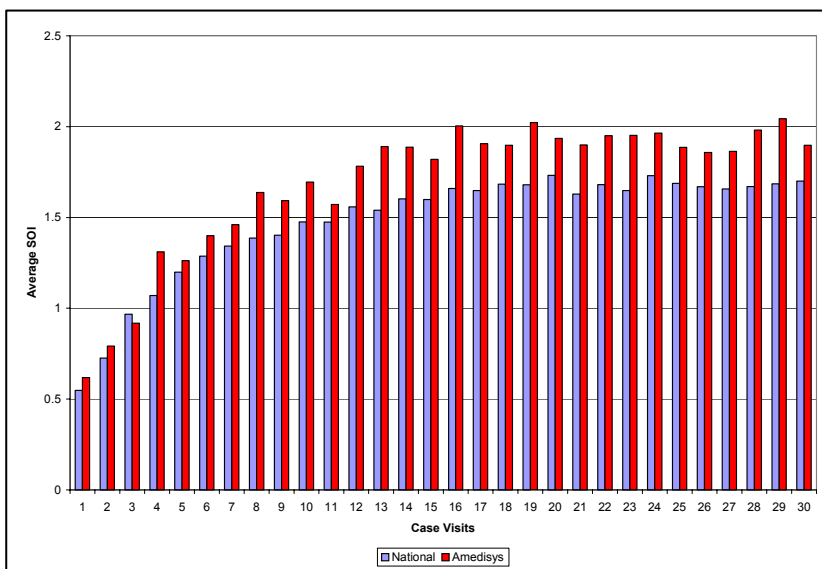


Chart 12:
Data Source: Outcome Concept Systems, Inc. (OCS)

Conclusion: The above graph showcases both the efficiency and efficacy of the Amedisys organization, as Amedisys achieves higher than average outcomes within the same resource expenditure categories.

Conclusion

Even in the midst of current business realities, home health providers continue to struggle with the delicate relationship between efficiency and effectiveness. The governmental focus on pay-for-performance will require that agencies take their efforts to a new level of sophistication to achieve optimal outcome performance within appropriate resource expenditures.

Based upon the above analysis, Amedisys is uniquely positioned to thrive amidst an increasingly challenging business environment, due to their ability to strategically provide exceptional quality of care in a cost-effective manner. As agencies race toward P4P preparedness in the coming months, Amedisys leverages business intelligence to achieve success via a carefully orchestrated path through the changing home health landscape. It is this proactive and data-driven approach that has driven the success of Amedisys Home Health to date, and it will continue to yield a competitive advantage in the years to come.

About Outcome Concept Systems

Founded by a pioneer in the area of home care outcomes, OCS has provided organizations with performance improvement solutions since 1992. With over 1,500 clients spanning all 50 states, OCS maintains the nation's largest proprietary home care benchmark database comprised of patient-level data across all business components: clinical, financial, operational, visit utilization and patient satisfaction. OCS uses this information to provide the home health, hospice and private duty markets with relevant research and industry education, as well as business intelligence products and services. Endorsed by trade associations throughout the country and recommended by major MIS vendors, OCS is the premier quality management vendor for post acute care. For more information, access OCS' web site at www.ocsys.com or call 206.325.3396.



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