

BKD/SHP Benchmark Leaders:
How Best Practice Agencies
Get Their Results



BKD Home Health Benchmarks

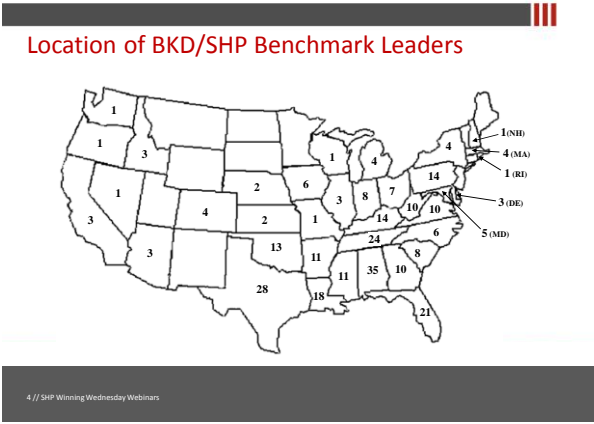
- // Cost reports with 2017 year ends
 - // 8,819 total agencies
 - // 90% freestanding, 10% provider-based
 - // 80% urban, 20% rural
 - // 79% for-profit, 21% not-for-profit
 - // Median revenue of \$1.7M
 - // Median Medicare mix of 75%

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Best Practice Peer Group

- // BKD/SHP Benchmark Leaders
 - // Identified as a 2017 SHP Benchmark Leader
 - // Quality, compliance and patient satisfaction
 - // Combined with financial success in 2017
 - // 301 total agencies
 - // 94% freestanding, 6% provider-based
 - // 64% urban, 36% rural
 - // 85% for-profit, 15% not-for-profit
 - // Median revenue of \$4.5M
 - // Median Medicare mix of 70%

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Survey of the BKD/SHP Benchmark Leaders

// Survey sent out to all Benchmark Leaders

- // 24 questions
- // Topics included
 - // Organizational relationships/affiliations
 - // Approach to quality
 - // Operational strategies for efficient operations
- // 45 total surveys completed

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Overall Profitability (freestanding only)

	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Gross margin	49%	54%	45%	57%
Net margin	11%	16%	2%	10%

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Medicare Profitability

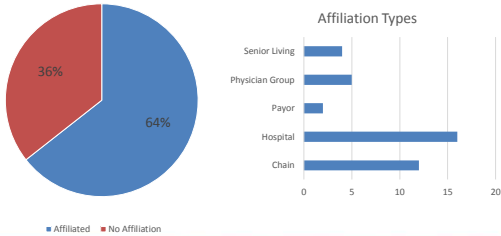
	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Gross margin	53%	57%	52%	61%
Net margin	20%	26%	11%	25%

Consists of



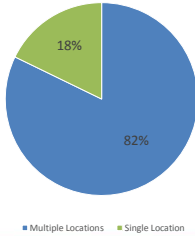
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Scale Matters – Affiliations

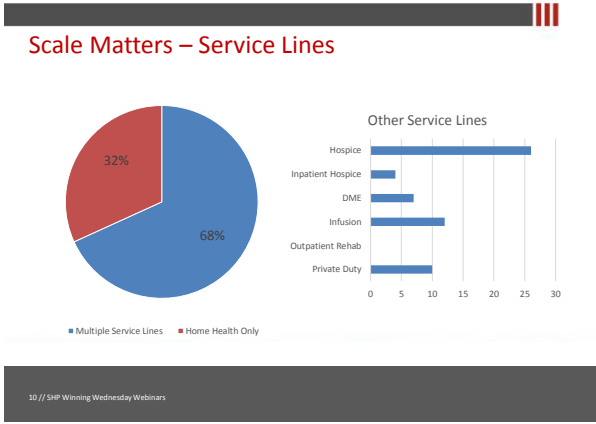


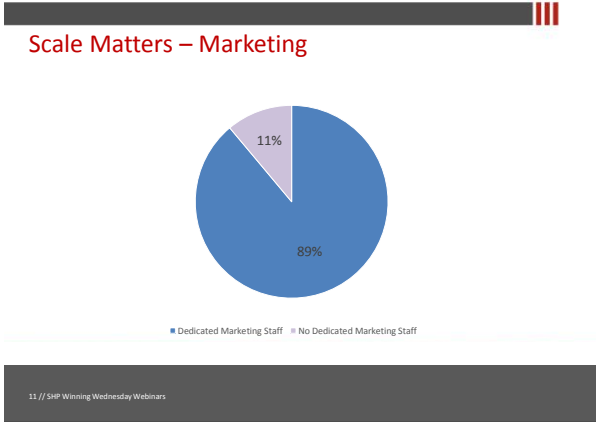
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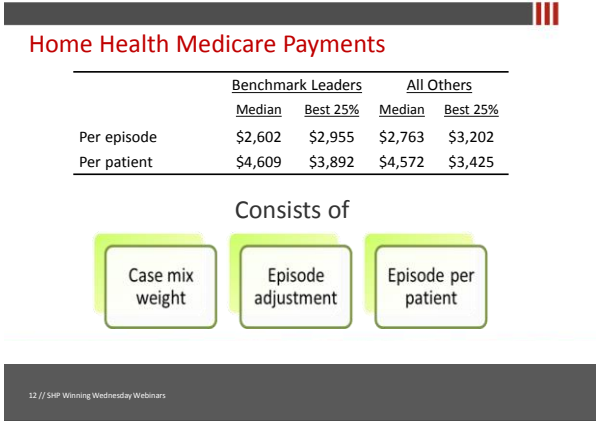
Scale Matters – Locations



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Episode Payment Drivers

	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Case mix weight	1.1023	1.1802	1.0255	1.1489
LUPA percentage	7.4%	5.6%	6.6%	3.4%
Episodes per patient	1.7	1.4	1.6	1.3

OASIS Accuracy

- Paint the right picture
- Team collaboration
- Clinician training
- Proper service mix

Episode Management

- Proper discharge practices
- Good clinical outcomes

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Getting the Payment Right – Admission Model

Model	Percentage
Clinicians Perform Own Admissions	86%
Admission Clinicians	14%

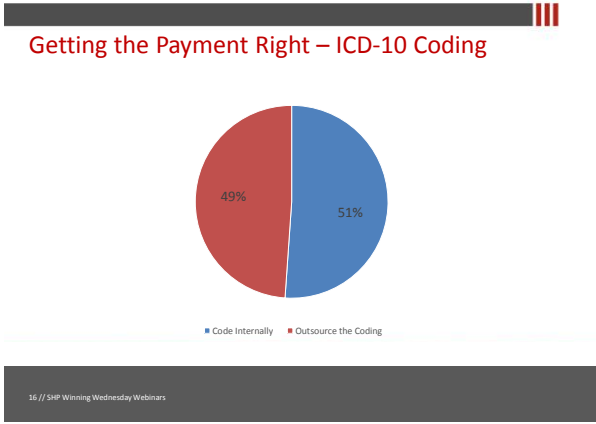
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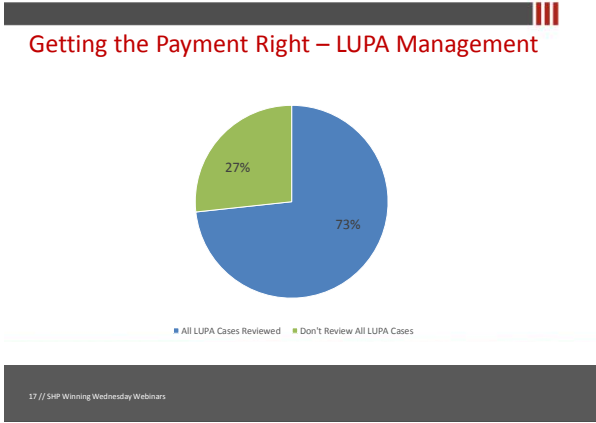
Getting the Payment Right – OASIS Review

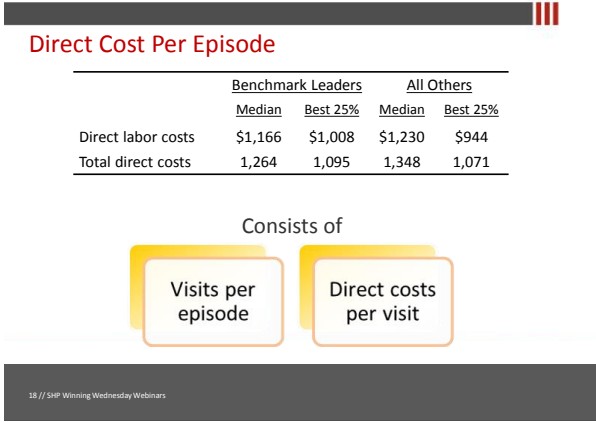
Admission OASIS Review Approach

Approach	Percentage
Combination of the Above	49%
Interdisciplinary Collaboration	27%
Outsourced Review	24%

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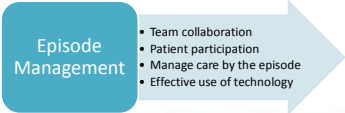






Visits per Episode

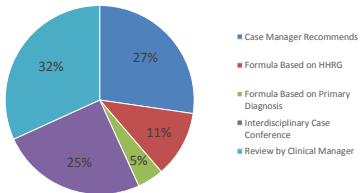
	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Nursing	7.7	6.8	8.0	6.4
Therapies	8.0	6.5	6.6	4.5
Total	17.0	15.0	16.4	14.0



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Using the Payment Right – Episode Management

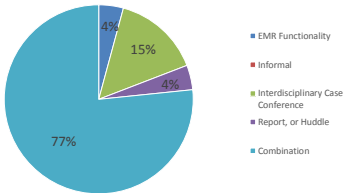
Approach for Managing Visit Utilization



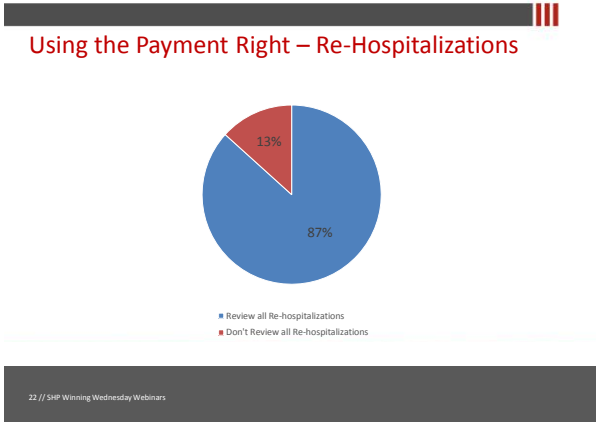
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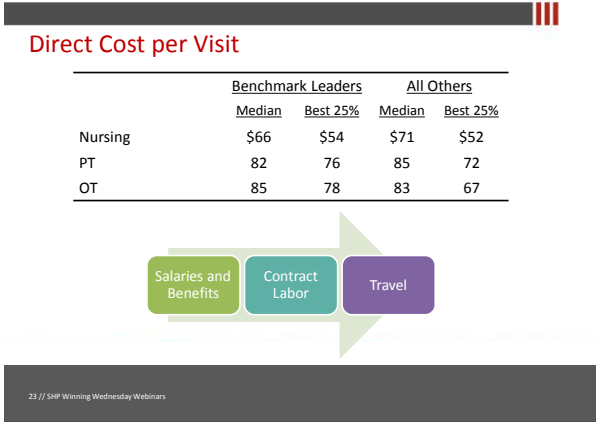
Using the Payment Right – Episode Management

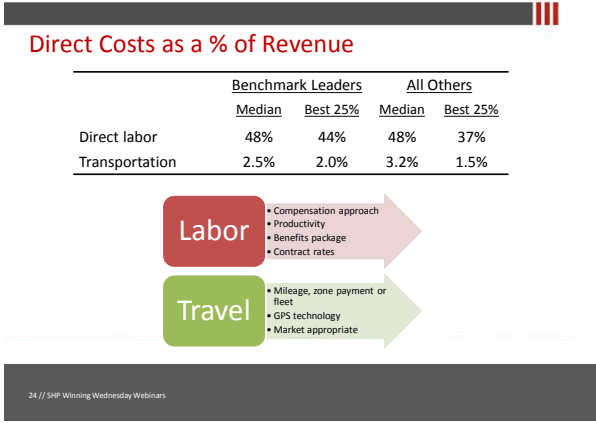
Approach for Care Coordination

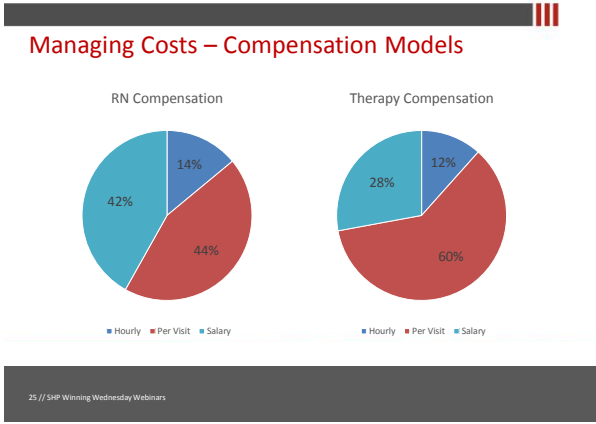


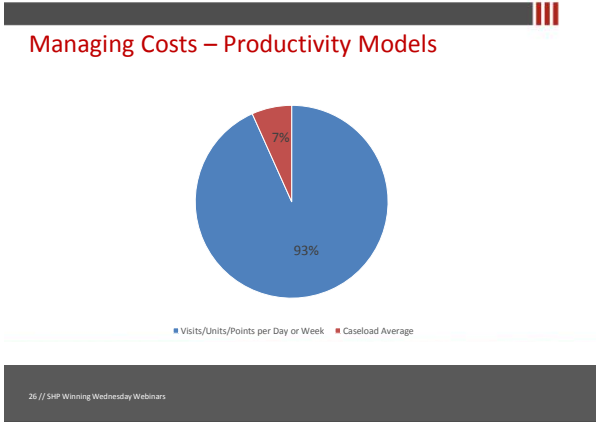
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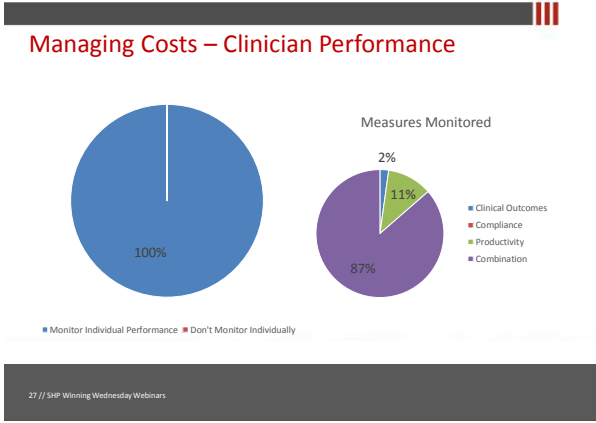


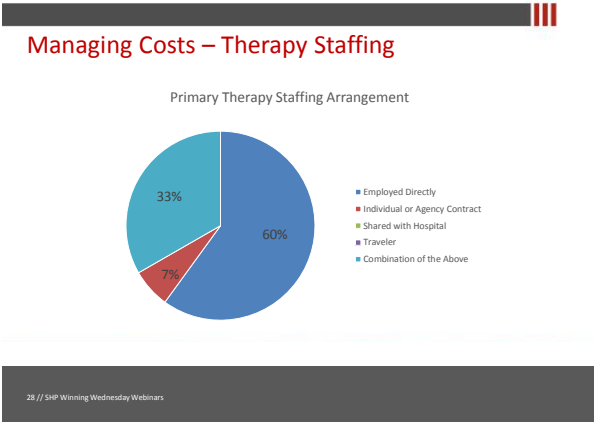


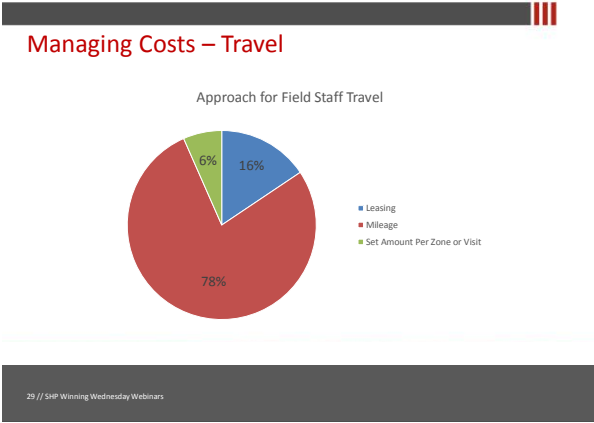


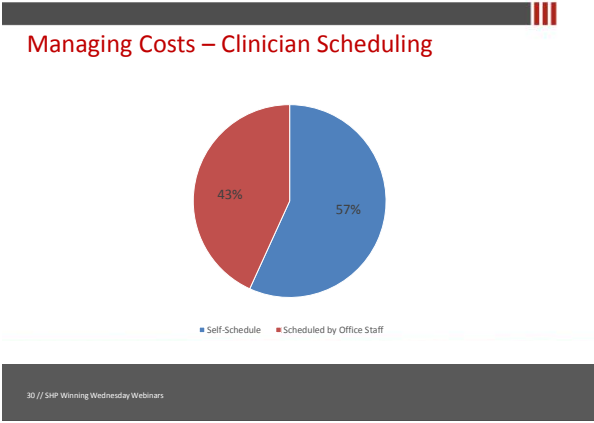






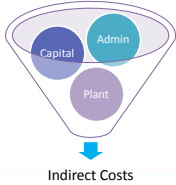






Indirect Cost per Episode

	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Total indirect costs	\$833	\$618	\$1,065	\$723



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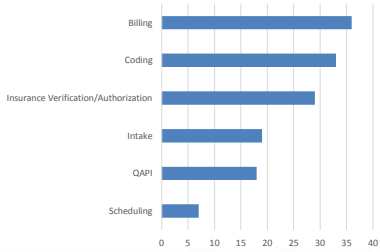
Administrative Costs as a % of Revenue

	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Admin labor costs	15%	12%	27%	17%
Total admin costs	33%	24%	38%	28%

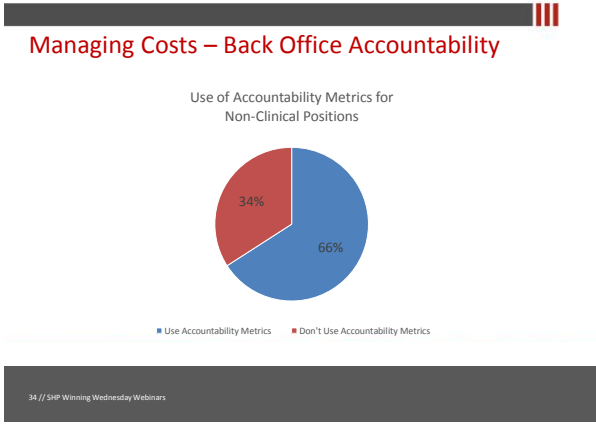


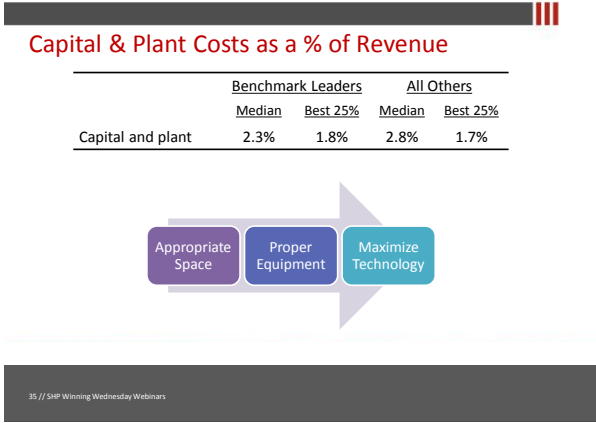
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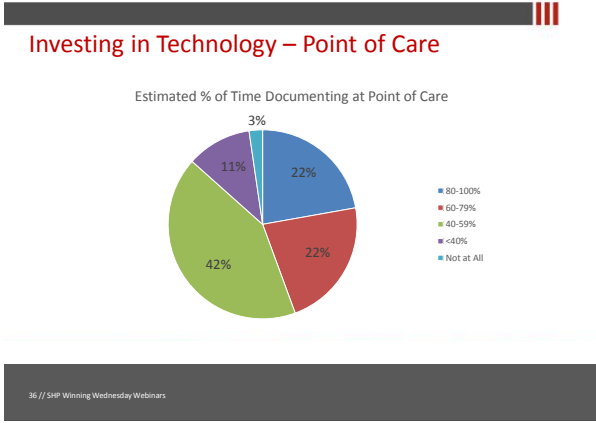
Managing Costs – Centralized Functions

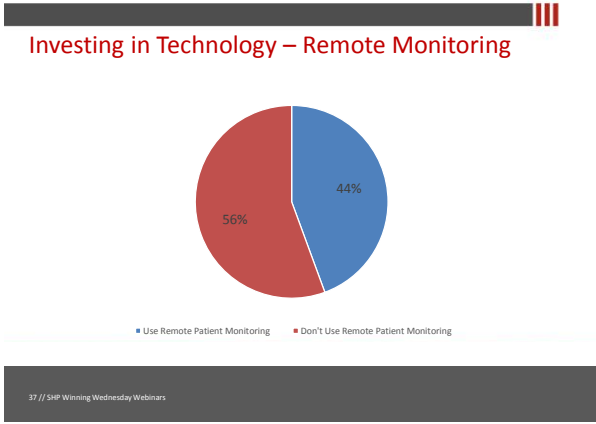


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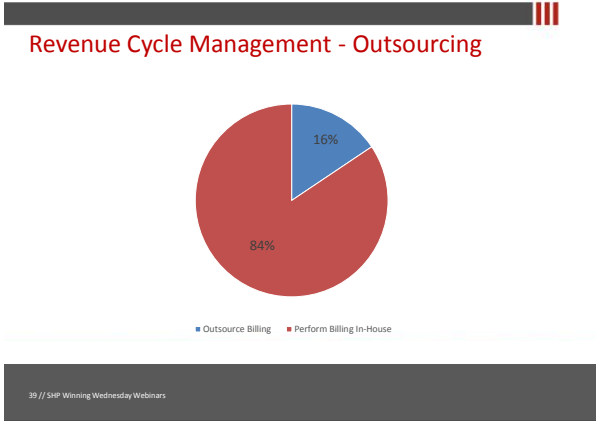


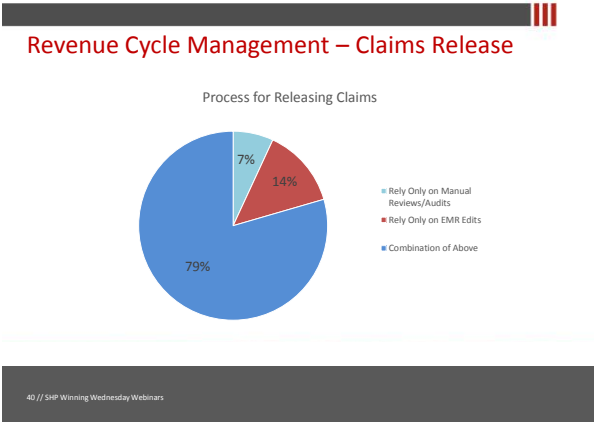
Cash Flow

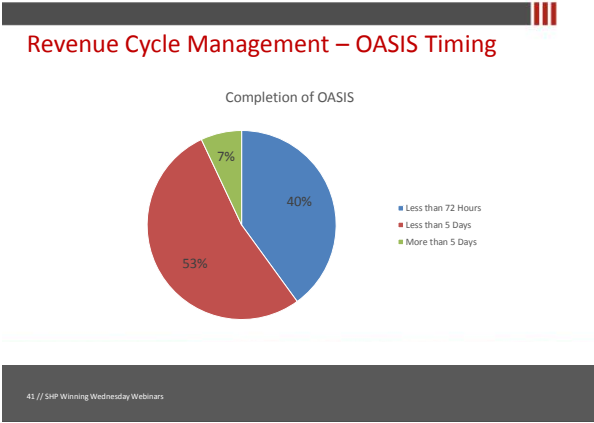
	Benchmark Leaders		All Others	
	Median	Best 25%	Median	Best 25%
Days Sales Outstanding	43.9	35.7	56.5	38.7

Revenue Cycle Management

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Thank you 

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