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## Hospital Without Walls: Finding Common Ground on Home Health and Hospital-at-Home

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In a time of increasing resource constraints for hospitals and health systems—as reflected in both labor and capacity—what might happen or could happen in a patient’s home is of increasing interest to health plans, hospitals, and health systems.

### The hospital and health system perspective

In November 2020, as a response to inpatient capacity constraints exacerbated by the COVID pandemic, the Center for Medicare and Medicaid Services (CMS) enhanced its Hospital Without Walls initiative by announcing the creation of the Acute Hospital Care at Home waiver, which permits hospitals to provide certain inpatient acute care services in the homes of Medicare fee-for-service beneficiaries and, in a select number of states, fee-for-service Medicaid beneficiaries.

The benefit of the waiver is that it helps relieve capacity constraints that many hospitals, especially academic medical centers, had experienced even prior to the COVID pandemic. The waiver also could be useful as demographic changes continue to increase capacity pressure through the 2040s. The waiver allows hospitals to leverage patients’ homes as additional physical infrastructure for treatment of government reimbursed *medical* cases that often result in financial losses if treated in a much more costly inpatient setting.

Hospitals and health systems have similar capacity and financial goals for home health, as provided by home health agencies. The first goal is to offer a place for patients to be discharged to that is supervised by an attending physician and offers the patient the opportunity to fully recover. This brings down hospital length of stay and its associated costs and frees up capacity. The second is to manage the patient’s needs to avoid readmissions, which may have serious, adverse financial consequences to the provider.

**There is an opportunity for health plans, hospitals, and health systems to work cooperatively in developing the appropriate hospital-at-home and home health strategies necessary to reduce total cost of care while at the same time improving hospitals’ financial performance.**

Together, a well-crafted hospital-at-home and home health strategy can be a powerful combination for addressing capacity constraints and improving the financial performance of hospitals and health systems.

### The health plan perspective

But how do health plans view home-based services?

While some Medicare Advantage and commercial health plans introduced reimbursement for acute hospital-at-home services, they did so only if the hospital receives the CMS waiver and only through the end of the COVID pandemic. Why the lack of enthusiasm? In short, health plans view hospital-at-home as a potentially good idea but only if it results in significantly reduced costs, which, in turn, means significantly reduced revenues for providers. While this limited acceptance might suggest a lack of enthusiasm for hospital-at-home programs among health plans, this does not mean that they are averse to other home health initiatives.

Health plans are acutely interested in total cost of care. This means that any service that at least maintains quality should cost less than alternative approaches. Thus, health plans have a keen interest in the potential of home health as a valuable cost management tool, as evidenced by Optum’s acquisition of LHC Group. Home health agencies can play a key role in reducing length of stay, avoiding readmissions and, especially with a coordinated strategy that might include social services, avoiding demand for medical care in the first place.

## Finding common ground

Used together with services offered by home health agencies, hospitals and health systems have a way to enhance capacity and reduce length of stay—both critically important tools to optimize physical infrastructure and manage delivery costs.

“Avoiding demand for medical care” is where health plans and integrated (plan/provider) delivery systems are focused because these entities share a common goal of reducing total cost of care. Fortunately, there is significant potential alignment of interest between health plans and hospitals and health systems in this matter. Many, if not most, hospitals lose money on government-reimbursed *medical* admissions. Avoiding these should be of paramount interest to hospitals. This gives rise to an opportunity for health plans, hospitals, and health systems to work cooperatively in developing the appropriate hospital-at-home and home health strategies necessary to reduce total cost of care while at the same time improving hospitals’ financial performance.

For example, Geisinger Health Plan, working with Geisinger’s clinical operations and LHC Group, has invested in several initiatives under its Geisinger@Home program, which is designed to keep patients out of the hospital. Geisinger Health Plan, like all health plans, is keenly aware of the enormous cost associated with any given inpatient admission as well as the tremendous savings realized by avoiding such admissions. The health plan’s investments are not small and include patient stabilization services, patient monitoring, more intensive care services, and improvements to patients’ access to food, heat, and other important needs affecting health that may be considered in the realm of social services. These extra costs are more than justified by the avoidance of inpatient admissions and readmissions.

According to Dr. Jonathon Welch, Geisinger’s Chief Medical Officer, “We have seen a \$400 per member, per month improvement in patient total cost of care” due to offering home primary care as part of their Geisinger@Home program, which, developed in conjunction with Geisinger Health Plan, offers a wide range of home-based care services. Geisinger further reports a 23% drop in emergency visits and a 35% decrease in inpatient admissions resulting from their home health program. Recognizing Geisinger’s success, other health plans are exploring ways to invest in the health of their members today to avoid greater expense later.

While Geisinger has the advantages of a major health plan affiliate and a well-defined community service mission that permits it to make long-term investments of this kind because it will be there to harvest the reward, for-profit health plans face a conundrum: While they would like very much to invest in the social and medical services and their allied technologies necessary to avoid future inpatient admissions today, they have less certainty that they will be there in the future to enjoy the fruits of their investment. This is a major advantage community-based integrated health systems have if they, like Geisinger, can learn to manage risk and have providers and actuaries work together to keep people healthy. This is where a long-term partnership between a community provider, home health agency, and health plan can be mutually beneficial.

In a world where healthcare providers are increasingly expected to manage total cost of care, improve health, reduce the substantial cost burden of medical care, and improve consumers’ experience, it would seem reasonable that health systems focus on finding ways to mitigate the need for often money-losing inpatient care and obtain the appropriate economic incentives to do so. Developing the appropriate partnerships is key to realizing this goal.

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