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## **Analysis of Patient Pathways Highlights Key Role of Home Healthcare in Clinically Appropriate & Cost Effective Care**

*Data show need for research on how streamlined patient pathways  
may improve efficiency of healthcare delivery*

**WASHINGTON, DC** - The Alliance for Home Health Quality and Innovation (the Alliance) today released research detailing the care pathways patients receive for three distinct episode types: post-acute, pre-acute and non-post-acute. The Alliance commissioned Dobson DaVanzo & Associates, LLC to conduct this research, which complements two earlier papers and details how, when used as a first setting post-hospital discharge, home healthcare is correlated with less spending on average for the Medicare program and slightly longer patient care pathways, largely made up of care provided outside of a healthcare facility or institutional setting. The findings are being released in the third of four Working Papers of the Clinically Appropriate and Cost-Effective Placement (CACEP) Project, which examines the Medicare home healthcare benefit as it relates to improving quality and efficiency of care.

Where and what kind of care a patient receives for a particular health condition is known as a patient pathway. A pathway refers to the care processes an individual receives in the healthcare delivery system during an episode of care. A patient pathway is comprised of sequence stops during the episode, which can be facility based or ambulatory. Facility and home health-based sequence stops include subsequent care received in settings such as short-term acute care hospitals, skilled nursing facilities, long-term care hospitals and home health agencies. Ambulatory based sequence stops are services provided by physicians, outpatient therapy, and hospice.

“Patient pathways help us to understand the clinical composition of episodes, a factor critical to the success of better care coordination of Medicare patients within an episode,” stated Allen Dobson, Ph.D., CACEP lead researcher and President of Dobson DaVanzo & Associates, LLC. “This Working Paper provides a tangible example to lawmakers and healthcare policy leaders as they begin to contemplate the basic architecture for a bundled payment system in the Medicare program.”

When looking at post-acute care, those patients who used home health as a first setting had episodes that were less costly for Medicare. While these patients experienced slightly longer care pathways, sequence stops tended to be ambulatory rather than facility based. Ambulatory based stops, while more frequent for home healthcare patients, are less costly to the Medicare system. The use of strong coordinated care efforts between physicians and home health providers is also critical to improving quality of care. Further, these findings suggest that making better use of home and community-based care could potentially help to prevent avoidable facility based care.

“The top five most frequent patient pathways for post-acute care episodes are shown to be highly cost effective, saving Medicare, on average, more than \$6,000 per episode when compared to the average patient pathway,” stated Teresa Lee, Executive Director of the Alliance. “The data provided in this Working Paper could prove to be extremely helpful in identifying future research areas that may lead to determining how Medicare beneficiaries might move through the most appropriate settings of care that meet their needs and - with better care coordination and home health – yield the benefits of this cost-effective setting.”

Two factors - hospital readmissions and the number of chronic conditions - largely contribute to the number of times a post-acute care patient receives care after initially being discharged from the hospital. Patients who experience episodes with a hospital readmission have on average twice as many sequence stops (that are largely facility-based) as those patients without a readmission. Further, patients within MS-DRG 470 (hip fracture) who had no chronic conditions had an average of 2.64 sequence stops in contrast to those with thirteen chronic conditions who made an average of 5.83 sequence stops. Interventions to improve care transitions and better manage chronic conditions, including efforts led by home health providers, can help to prevent avoidable hospital readmissions and exacerbations of chronic conditions.

In the pre-acute care episodes, the most frequently occurring pathway is one in which patients receive care in the community followed by a hospital admission. This pathway has the lowest average Medicare payment. At most, average pre-acute care episodes have two or fewer sequence stops, the majority of which are ambulatory. As with post-acute care episodes, those episodes for patients with prior hospitalizations have double the number of sequence stops in their patient pathways.

In the area of non-post-acute care, or community based care, the top ten most common patient pathways (e.g. home healthcare to community-based care) represent one third of overall episodes and include relatively few hospital admissions. The majority of sequence stops are limited to home health or community care indicating that home healthcare may be keeping patients out of the hospital and consistently limiting the need for facility based care through coordination with physicians.

This Working Paper examines fee-for-service Medicare beneficiary claims data from 2007 to 2009 and identifies the most frequent patient pathways across various episode types. Understanding pathways may ultimately save the system money through better use of home healthcare and streamlined, efficient health care delivery. The CACEP project will culminate with the release of a final paper in September, analyzing the future of the Medicare payment system.

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*The Alliance for Home Health Quality and Innovation (the Alliance) is comprised of leaders in the home healthcare community – including several of the largest home healthcare providers in the United States and the largest national trade association representing home healthcare providers. The Alliance invests in research and education to further its mission of demonstrating and enhancing the value proposition home healthcare offers to the U.S. healthcare system and to patients in delivering quality, cost-effective, patient-centered care. The Alliance is dedicated to improving the nation’s healthcare system through development of high quality and innovative solutions aimed at achieving optimal clinical outcomes.*