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The Impact of Home Care on the Healthcare System

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*Helping people. It's who we are and what we do.*

# How does home care benefit the overall healthcare system?

- Benefit to the Client
  - Client continues living with familiarity in the comfort of their own home
- Home- and Community-Based Services (HCBS) recipients have statistically lower rates of:
  - hospitalization and potentially avoidable hospitalization (Segelman, et al., 2019)
  - long-stay nursing home care (Spillman, 2013)



# How does home care benefit the overall healthcare system? (cont.)

- Home care results in:
  - Better care coordination
  - Improved health status
  - Guard against avoidable declines in health
- These results lead to:
  - Improved medication compliance
  - Improved nutrition
  - Improved socialization
  - Fall prevention
- All leads to lower hospital admissions and lower health care utilization (Holland, et al., 2014).



# How does home care reduce the *cost* of care in hospitals and nursing homes?

- Home care and the results that stem from it helps recipients avoid hospital admissions and lowers health care utilization and costs.
- In a 2014 study, long-term care (LTC) benefits showed to reduce the cost of health care at end of life (Holland, et al, 2014):
  - 14% lower total medical costs
  - 13% lower pharmacy costs
  - 35% lower inpatient admission costs
  - 16% lower outpatient visit costs
  - 8% fewer inpatient admissions
  - 10% fewer inpatient days

\*\*percentages are higher when calculated only for those without dementia\*\*



# How does home care reduce the *cost* of care in hospitals and nursing homes? (cont.)

- Cost of HCBS is lower than institutional services, with HCBS typically being half the cost of residential care (CMS).
- Prices for nursing home care have increased by approximately 2.4% annually from 2012-2017 (20.7% total) (Hayes & Kurtovick, 2020).

# How does home care reduce the *cost* of care in hospitals and nursing homes? (cont.)

- Average total public spending on HCBS waiver recipients is \$44,000 less per year than for a person in institutional services.
- States *without* robust HCBS programs experience greater spending growth compared to states with well-established HCBS programs.
- Though initial spending is higher, over time states who invest in HCBS programs see lower overall LTC spending for the older population (Kaye, et al. 2009).
- Investing in HCBS also slows Medicaid expenditure growth compared to states with low HCBS spending (Mollica, et al., 2009).



# Why increase HCBS funding?

- LTC needs in America will nearly double by 2030, where approximately 24 million individuals will need care (Hayes & Kurtovick, 2020)
- Current plans to pay for care rely on continued unpaid care by family members.
  - Nationally over 53 million family caregivers
  - Economic value of unpaid care provided estimated to be over \$470 billion annually
  - 78% of family caregivers report out-of-pocket expenses related to caregiving
    - Average out-of-pocket caregiving costs = \$7,242, 26% of their income
    - Black and Hispanic/Latinx family caregivers report greater financial strain, with annual out-of-pocket costs totaling 34% of income for Black and 47% of income for Hispanic/Latinx caregivers

(Caldwell, 2022)



# Cost benefits on increasing HCBS funding

- In 1994 Lewin Group Study, HCBS programs produced savings of:
  - \$43 million in Colorado
  - \$49 million in Oregon
  - \$75 million in Washington
  - Decreased use of nursing homes was an important factor.
- Though HCBS expansion may not reduce overall Medicaid LTC spending in absolute terms, it can effectively slow the rate growth, which is a realistic goal given the aging of the population (Mollica, et al., 2009).





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