



The Benchmark Email

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January 6, 2005

Probability, Implications and Planning for 2005

Question:

As we move into 2005, are there any suggestions for issues that we need to pay attention to as we begin our planning process?

Answer:

Yes, but before naming them, it might be helpful to understand how we approach planning.

When planning for 2005, there are hundreds of issues a home care agency may want to think about but the real question is which ones warrant your attention and action. There are two simple questions you can ask yourself. How you answer these questions should give you a clear sense of what actions you need to take. Start by asking yourself these two probing questions:

Probability Question: What is the probability that a particular issue will occur? If it is high, then you need to consider it. If it is low, put it on the back burner. You have too many other things to worry about. If you feel the probability is high, go to the implication question.

Implication Question: If there is high probability that a specific event will occur, how significant will the implications be to your agency. If it is high, you better start planning and paying attention to this issue now. If it is low, you may want to continue paying attention to it but immediate action is probably not warranted....at least for now.

Once you have made a determination that there is a high probability (the reality will most likely occur) and you've determined that it has high implications (it will **significantly** impact your agency), you should determine what you need to do to prepare for it and be ready to act.

So, in looking ahead to 2005, there are three realities that the answers to our two probing questions would indicate actions are needed.

Issue I. Pay-for Performance: MedPac is in favor of it. Congress is receptive. **Trials** are expected in 2006. It is being used in other segments of health care.

Probability: High!

Implications: Agencies' Home Health Compare and OBQI scores will have a direct effect on funding levels.

Action: Initiate efforts to reduce adverse events, improve **outcomes** and ensure OASIS accuracy. Conduct OASIS audits and training.

Issue II. Federal Budget Cutbacks or Level Funding: Reduction in federal revenue due to federal budget cuts. Increased funds going to war efforts. Projected dramatic growth in federal deficit to 2.3 trillion dollars in next five years! President saying that he is going to further cut taxes and also cut services! MedPac says home care has excess profits, 16.9%.

Probability: High!

Implications: Major attack on home care revenues and potential budget cuts.

Action: Ensure that case mix weights are accurate, that you are getting correct reimbursement for your patients, and focus on lowering cost/visit and cost/episode. Look at best practice services and increased accuracy on OASIS.

Issue III. Managed Care Growth: Medicare Prescription Drug Improvement and Modernization Act of 2003 is providing managed care companies with a financial incentive to **participate in the Medicare program**. Patients, many on fixed incomes, will get access to cheaper drugs only through managed care. Government **will be** doing major push to get patients in managed care.

Probability: Medium to High in certain areas of the country, particularly urban areas.

Implications: Managed care getting more patients, restricting patients access to home care and those who get it will receive less visits and agencies will receive lower **reimbursement**/visit.

Action: Lower your cost/visit. Lower number of visits/episode. Determine your marketing capacity with managed care. Use best practice to lower cost **and reduce emergent care and hospitalization utilization**, and patient satisfaction systems to prove your quality to managed care companies.

By the way, these are simply issues that we know about. Most seasoned home care leaders (especially the long term leaders) can readily attest that there are very often unexpected "surprises" that agencies must cope with throughout the year. As you look to 2005, it might be worth reading a new book on the market, David Allen's "Ready for Anything (2003)."

"Something is coming-- probably within a few days-- that's going to change your world. You don't see it yet. You don't know what it's about. But it's there, rolling inexorably forward, destined to throw you a curve that you do not expect. It could show up sooner or later-- but it will show up. Trust me. Write down these words exactly four weeks from today in your calendar: "David Allen said a month ago that something was coming I couldn't foresee that would affect me significantly."

The challenge is to deal with what you know and be prepared to assertively respond to new realities. In terms of today's realities, if you recognize the changes coming and prepare now, you may be able to do more than simply survive the changes, you may thrive in the changes. These issues are only threats if you don't know how to handle them or if you don't prepare for them. The resources to support you are available. The challenge is to recognize the changes, assess the probability and implications and take the right actions. Good luck in 2005!

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If you have any questions, are interested in information on any of our services or would simply like to share some insights, please call (800-379-0361) or email the Benchmark Email Manager, Molly LePage mlepage@fazzi.com.

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