

# Three Ways Inflation is Impacting Home Health Agencies—And What You Can Do About It

Inflation in the U.S. is currently at a record high due to a combination of factors, including low unemployment and supply-chain issues resulting from the COVID-19 pandemic and geopolitical conflict. Already pinched by ongoing staff shortages, the home health industry has been feeling the effects of this spike. Find out what your agency can do to build resilience amid economic uncertainty.



## Inflation's Impact—So Far

**6.4%** inflation in January 2023, a rate nearly 5 times higher than in previous years<sup>1</sup>

**20.6%** higher medical supply expenses<sup>2</sup>

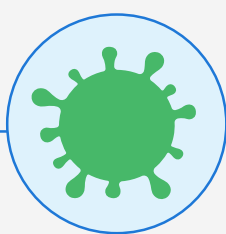
**\$370** billion higher annual US health expenditure by 2027 due to inflation (compared to pre-pandemic levels)<sup>3</sup>

## Leaping From One Hoop to Another

For many agencies, rising inflation feels like yet another hoop to jump through after weathering the pandemic, which came on the heels of and exacerbated an industry-wide staffing crisis. The difference today is that unlike during the pandemic, home health agencies aren't receiving subsidies to help with inflation.



Staff shortages



The Pandemic



Rising Inflation

## How Home Health Agencies Are Feeling the Financial Pinch

Rising inflation is leading to:



Increased pressure to provide competitive wages that attract and retain staff as the cost of living rises.



Higher overhead due to higher prices for many types of materials and services—from medical supplies to computer hardware, facility upkeep, construction, and leases.



A low (estimated) payment rate by CMS of 0.7%, which many agencies and advocacy organizations have said doesn't account for rising inflation.

While many agencies have been riding out these pressures fairly well, they leave less room for other financial challenges that might arise.

## Will Inflation Stick Around?

Although inflation rates are expected to cool down in 2023, uncertainty will likely still be the name of the game for some time. In other words, prices might come down, but not all the way down—and labor costs are poised to continue to rise. That's why it's important to be prepared for the long-term effects of varying interest rates.



The U.S. healthcare industry faces demanding conditions in 2023, including recessionary pressure, continuing high inflation rates, labor shortages, and endemic COVID-19. But players are not standing still. We expect accelerated improvement efforts to help the industry address these challenges in 2024 and beyond.<sup>4</sup>

— McKinsey & Company

## How to Create Resilience Amid Uncertainty

- 1 Minimize costs through better patient population management.
  - ✓ Improve chronic condition management.
  - ✓ Reduce rehospitalizations.
  - ✓ Supplement in-person care with digital care.
- 2 Negotiate or renegotiate better rates with Medicare Advantage payers.
- 3 Improve revenue by boosting OASIS accuracy.
- 4 Streamline the onboarding process to boost staff competency and lower training costs.
  - ✓ Cultivate an engaged and high-performing workforce to encourage staff retention.



Did you know?

93% of home health agencies are currently using telehealth.<sup>5</sup>

## How Medbridge Can Help

The **MedBridge Home Health Care Solution** combines provider and patient education on a comprehensive engagement platform to help agencies deliver higher quality of care at a lower cost. With MedBridge, agencies can:



### Succeed under HHVBP

Achieve higher OASIS-E accuracy, reduce readmissions, and elevate quality of care.



### Boost reimbursements

Reduce onboarding costs, improve HHCAHPS scores, and capture higher reimbursement rates.



### Elevate staff competence

Get new hires in the field faster and keep staff performing at the top of their licenses.

## Agencies using MedBridge have:

- ✓ Cut onboarding time by **7 days**
- ✓ Lowered the cost of onboarding by **11.5%**
- ✓ Reduced OASIS corrections by **28%**
- ✓ Increased reimbursements by **\$30K per year**

## References

1. Inflation rose 0.5% in January, more than expected and up 6.4% from a year ago; CNBC.com.
2. Report: Wages Up, Turnover Down In Home-Based Care; Home Health Care News.
3. The gathering storm: The transformative impact of inflation on the healthcare sector; McKinsey & Company.
4. What to Expect in Healthcare in 2023 and Beyond; McKinsey & Company.
5. National Healthcare at Home Best Practices and Future Insights Study; BerryDunn.
6. The gathering storm: The transformative impact of inflation on the healthcare sector; McKinsey & Company.

