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NEW REPORT: HOME HEALTH CARE SAVES BILLIONS FOR MEDICARE

Avalere Health Finds Home Health Use Saved \$1.71 Billion for Medicare in 2005-2006

AHHQI Believes Medicare Could Realize More Than \$30 Billion in Savings for Chronic Disease Patients in Next Ten Years By Expanding Access to Home Health

WASHINGTON, DC – May 11, 2009 – Early use of home health care services following a hospital stay by patients with at least one chronic disease saved Medicare \$1.71 billion in the two-year 2005-2006 period, according to a study released today by Avalere Health LLC. The study, sponsored by the Alliance for Home Health Quality and Innovation (AHHQI), also found that an additional \$1.77 billion would have been saved in the same period if all Medicare beneficiaries with similar chronic diseases had accessed home health care services.

Approximately 12.7 % of the savings is attributable to reductions in hospital readmissions, and it is presumed that the remaining savings accrue from avoiding more costly institutional settings. AHHQI believes that the unrealized savings identified in this study could allow Medicare to save \$31.1 billion over the next ten years by expanding access to home health for chronic disease patients.

The Avalere study, begun in October 2008, analyzed 2005 and 2006 data from the Centers for Medicare & Medicaid Services (CMS), the most current data available from the agency, and examined the impact that home health care had on overall Medicare costs and rates of re-hospitalization. In addition to the dramatic cost savings, the study also found that patients who received home health care soon after hospital discharge were significantly less likely to be re-hospitalized, providing even more savings to the Medicare system. The study population included Medicare beneficiaries with a primary or secondary diagnosis of diabetes, chronic obstructive pulmonary disease (COPD), or congestive heart failure (CHF) – chronic medical conditions that represent large costs to the Medicare system.

Significantly, 86% of people who qualify for Medicare have at least one chronic condition and 40% have three or more. But only 8.9% of Medicare beneficiaries currently use home health services, a fact attributed in large part to the program's requirement that an individual be "homebound" and unable to leave the home without significant assistance in order to receive the benefit. AHHQI believes that expanding the availability of home health care services for people with chronic conditions within Medicare would yield even greater savings to our health care system.

"Thousands of physicians like me rely heavily on skilled home care professionals to assist in caring for some of our most fragile and medically-complex patients, and I have seen first-hand the valuable role that home health care plays in patients' recovery and rehabilitation," said

Rodney Hornbake, MD, FACP and an advisor to AHHQI. “This research study shows that home health care not only benefits patients, but also saves taxpayers billions of dollars by avoiding more costly institutional settings and preventing many patients from being re-hospitalized.”

Leading home health care providers committed to sponsoring research to raise the level of shared innovation and higher quality outcomes that home health care can bring to chronic, acute and prevention-based health care initiatives formed AHHQI in 2008. AHHQI has pledged to drive quality home health care through clinical excellence, innovative practices, strong compliance standards and raising awareness of the role that home health care can play by educating policy makers and the public.

Today’s home health industry provides a crucial link in the health care continuum for some of the country’s most vulnerable patients, including millions of seniors who rely on Medicare, at a time when our nation’s leaders are grappling with daunting health care challenges. AHHQI will continue to sponsor research with leading institutions like Avalere to provide decision makers and the public with measurable data that can inform the important healthcare policy discussions that are happening in Washington, DC and across the country. Home health care is patient-preferred, and the Avalere study clearly shows that it is also cost-efficient, demonstrating that home health care should play a prominent role in any future healthcare reform.

In recent years, home health care providers have developed leading-edge models in care coordination, prescription management, disease management and behavioral education for patients. They have pioneered innovative and cost-effective uses of technology and therapeutics to deliver high quality, patient-centered, well-coordinated care across the health care delivery system, helping millions of Americans to live independently at home.

Click [here](#) to view the full results of the Avalere Health study. AHHQI also invites the public to visit its website at www.ahhqi.org to learn more about home health care, to receive updates on AHHQI’s work, and to share stories about experiences with home health care in your community.

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