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## Avalere Shows Home Health Interventions Associated with Lower Medicare Spending and Re-Hospitalizations For Patients With Chronic Illness

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Washington, DC – Medicare patients with diabetes, chronic obstructive pulmonary disease, or congestive heart failure that used home healthcare within 3 months of being discharged from a hospital cost the program \$1.71 billion less and had 24,000 fewer re-hospitalizations than similar patients that used other forms of post-acute care over a two-year period. The analysis, released today by Avalere Health, also found that if cumulated to the full set of Medicare beneficiaries in the study group that utilized other forms of post-acute care, the program would have saved an additional \$1.77 billion.

Home healthcare is one form of post-acute care, and is currently paid for by Medicare if a beneficiary is unable to leave home without significant assistance – a criteria called “homebound.” About 8.9 percent of Medicare fee-for-service beneficiaries currently use home health services. To date, little research has been conducted to compare the relative effects of different forms of post-acute care.

Using a new analytic model built to assess this issue, Avalere estimates that early use of home health was associated with a 1.71 billion reduction in Medicare post-hospital spending over the 2005-2006 period. Avalere’s model is designed to control for clinical and demographic differences across patient populations; the post-hospitalization period of care costs are statistically significantly lower in every severity of illness category. Odds of hospital readmission were also significantly lower for beneficiaries with any of these three conditions who used early home health services.

Additionally, Avalere estimates that if all chronic care patients in the study used home health services early in their period of care rather than other post-acute care, Medicare could have spent an additional \$1.77 billion less over the 2005 and 2006 period.

“One of the cornerstones of achieving payment reform is to ensure patients receive appropriate care in the most cost-efficient setting,” said Alexis Ahlstrom, a director at Avalere Health. “Our analysis shows that home healthcare can be a prudent way to deliver post-acute care to certain Medicare beneficiaries.”

Approximately 86 percent of the Medicare population has one chronic condition, 66 percent have two or more chronic conditions, and 40 percent have three or more chronic conditions. “Given the size of the chronic care Medicare population, any serious effort to improve cost-effectiveness of Medicare benefits will have to grapple with these patients,” said Ahlstrom. “Additional research should be done to determine the impact of home health on non-chronic care patients.”

The report, “[Medicare Spending and Rehospitalization for Chronically Ill Medicare Beneficiaries: Home Health Use Compared to Other Post-Acute Care Settings](#),” was prepared by Christine Aguiar, Alexis Ahlstrom, Zeynal Karaca, Kevin Dietz, and Ellen Lukens, all of Avalere Health. The Alliance for Home Health Quality and Innovation provided financial support for this research. Avalere maintained sole discretion with regard to methods and interpretations of findings, and the authors are solely responsible for the content of this analysis.

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