



Prepared for the Virginia Association for Home Care and Hospice

The Economic Impact of the Home Care and Hospice Industry on Virginia's Economy

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Table of Contents

Executive Summary	2
SECTION 1: Profile of the Virginia Home Care and Hospice Industry	
Introduction.....	3
The Home Care and Hospice Industry.....	3
Licensure and Certification of Home Care and Hospice Agencies.....	4
Payer Sources for Home Care and Hospice Agencies.....	4
Demographic Profile of Home Care Agencies.....	5
Demographic Profile of Home Care Users.....	8
Demographic Profile of Hospice Agencies.....	9
Demographic Profile of Hospice Users.....	10
SECTION 2: The Contribution of the Home Care and Hospice Industry to Virginia's Economy	
Introduction.....	12
The Expenditure Impact of the Home Care and Hospice Industry.....	13
The Employment Impact of the Home Care and Hospice Industry.....	14
Future Growth of the Home Care and Hospice Industry.....	14
SECTION 3: Medicaid Waiver Reimbursement Rates	16
SECTION 4: Conclusion	17
SECTION 5: Limitations	18
Glossary	19
References	21

EXECUTIVE SUMMARY

Home care and hospice is now the fastest growing industry in the healthcare sector both nationally and in the Commonwealth of Virginia. National polls and growing patient enrollments continue to confirm that receiving care at home is the preferred choice for Americans who need long term care, post-acute rehabilitative care or end-of-life care. More than one in six Virginia families will receive home health care services and these numbers are likely to increase in the future. The coming increases in the population over age 65 will fuel the growth of this important industry.

The home care and hospice industry is a significant service provider. As of December 2014 there were 825 licensed home care agencies and 123 licensed hospice providers operating across Virginia. Home care and hospice agencies serve people of all ages but those aged 65 and older form the majority group of customers. Over 90,000 Medicare beneficiaries in Virginia received home health services in 2012; in addition, many other Virginians paid for home health services privately and through third party payers such as long term care insurance policies. Over 86% of Virginia home care users had three or more chronic conditions, compared to only 25.9% of all Medicare beneficiaries, indicating that the home care industry in the Commonwealth provides services to a sicker, frailer population.

The homecare and hospice industry is a significant employer. This industry employs 25,461 people across Virginia. Agencies are located in every county in the state and range in size from small employers with less than ten staff to very substantial employers with hundreds of staff. Job growth in this industry is projected to remain strong, and by 2022 it is estimated that the numbers of home health aides will have increased by over 50%. The home care and hospice industry provides more jobs across the Commonwealth than many industries, such as agriculture, machinery manufacturing, utilities, elementary and secondary schools combined, insurance agencies and brokers, pharmacies and drug stores.

The economic impact of the home care and hospice industry in Virginia is substantial and growing. In 2012, the total estimated impact of the payroll of the home care and hospice payroll on Labor Income was \$1,029,989,344. This represents the spending by home care and hospice agencies on salaries and wages as well as the re-spending of some of this money in the local economy by home care and hospice workers. The estimated total economic impact of the output of the home care and hospice industry (the market value of the goods and services produced by this industry) was \$1,121,019,106 in 2012. This economic impact also outranks all of the industries listed in the paragraph above.

Medicaid, a key source of funding for services to low income persons in need of home care and hospice, has not adequately increased its payment rate. Federal and state policies governing healthcare, including Medicaid reimbursement, have a significant impact on the recruitment and retention of the workforce delivering home care and hospice, as these policies determine wages, benefits and training opportunities. Since 1982, Medicaid reimbursement rates have failed to keep pace with inflation, increasing the challenges home care and hospice providers face in attracting and retaining needed staff.

Over the coming decades, the home care and hospice industry is expected to substantially increase its importance to Virginia's economy, through continued growth in its customer base, staffing and the value of its goods and services, all the while enriching the lives of the tens of thousands of Virginians who wish to receive care at home.

SECTION 1: Profile of the Virginia Home Care and Hospice Industry

Introduction

Home care services, including home health care and hospice care of terminally ill patients, is now the fastest growing industry in the healthcare sector both nationally and in the Commonwealth of Virginia. National polls and growing patient enrollments continue to confirm that receiving care at home is the preferred choice for Americans who need either long term care or post-acute rehabilitative care.^{1,2} Advances in technology and services delivered are now allowing the frail, sick and disabled to make the choice to receive most, if not all, of their care at home. It is estimated that one in every 54 Virginians or approximately one in six families will receive home health care services through Medicare or Medicaid, and many others may receive such services paid out of pocket or by insurance plans.³

As well as being preferred by consumers, home care delivers high quality care that can improve health outcomes at a lower cost than institutional care.^{4,5} The strong growth in the home care and hospice industry has resulted in an increasing contribution to the Commonwealth's economy through the growth in employment opportunities, the value of the goods and services produced, the labor income created, and the resulting expenditure of that income in the local economy. These trends are likely to continue into the foreseeable future.

The Virginia Commonwealth University Department of Gerontology partnered with the Virginia Association for Home Care and Hospice to create this report. The research team began by searching government and industry websites on home care and hospice, as well as reviewing the scholarly literature in this area, in order to estimate the number of home care and hospice agencies and jobs nationally and in the Commonwealth. National and state level estimates of agencies taken from the US Census data published by the Bureau of Labor Statistics were compared with the Virginia Department of Health website listings of licensed home care organizations, home health agencies, and hospice agencies.

The research team then compared estimates of the numbers of home care employees and home care jobs in the Commonwealth using information published by the Bureau of Labor Statistics and the Virginia Employment Commission. The economic impact of the home care and hospice industry was derived by multiplying the estimated number of home care and hospice agencies, their payrolls and their employees by the Bureau of Economic Analysis recommended multiplier in order to estimate the total direct and indirect economic and employment contribution to Virginia's economy. It should be noted that estimates of home care employees and jobs vary, sometimes significantly, depending on the source and in all cases are likely an under-representation of the actual number due to the methodological challenges of collecting data (see the Limitations Section of this report).

The Home Care and Hospice Industry

The home care and hospice industry in the Commonwealth of Virginia is comprised of a rich mix of agency types and payer sources which together meet the needs of Virginians who wish to receive care at home. In this report, the term "home care agencies" is used throughout to refer to the organizations providing a variety of health care services delivered at home, as well as hospice services meeting end-of-life needs at home. For the purposes of this report, it is important to note that home care is defined separately from home and community based services. Home and community based services is a wider designation which includes services

such as Meals on Wheels and transportation, services which are outside the scope of this report.⁶

Licensure and Certification of Home Care and Hospice Agencies

Home care agencies must be licensed by the Virginia Department of Health Office of Licensure and Certification, Acute Care Division (the Virginia Department of Health) in order to operate in the Commonwealth of Virginia. The Virginia Department of Health defines home care agencies as any organization (including public, private, for profit or not for profit) that provides one or more of the following services at home on an hourly or visit basis to a patient who has or is at risk of injury, illness, or a disabling condition requiring short-term or long-term interventions⁷:

- a) Home health services provided by or under the direct supervision of any health care professional under a medical plan of care
- b) Personal care services, including assistance with activities of daily living
- c) Pharmaceutical services, including the dispensing and administration of medications, parenteral nutritional support, and associated patient instruction.”

The Virginia Department of Health also licenses hospice agencies. Hospice agencies may be stand-alone entities or a part of a larger home care agency that offers hospice as a specialized form of home care. The Code of Virginia defines hospice agencies as follows⁶:

- a) A coordinated program of home and inpatient care provided directly or through an agreement under the direction of an identifiable hospice administration providing palliative and supportive medical and other health services to terminally ill patients and their families.
- b) A hospice utilizes a medically directed interdisciplinary team. A hospice program of care provides care to meet the physical, psychological, social, spiritual and other special needs which are experienced during the final stages of illness, and during dying and bereavement.
- c) Hospice care shall be available twenty-four hours a day, seven days a week.

Payer Sources for Home Care and Hospice Agencies

Medicare is the largest single payer supporting home care and hospice services, accounting for over 40% of home health revenues in 2009.⁸ Medicaid is also an important payer source for home care services for low income individuals. When services are provided through agencies that must be certified for Medicare, the institutional standards must be also be met for Medicaid. The Medicaid home and community based waivers (also known as Medicaid waivers) are programs for low income individuals who require assistance with activities of daily living or supportive services, or both, who would prefer to live in their own homes rather than enter an institution. Medicaid waivers are discussed more fully in Section Three.

Only some home care and hospice agencies are certified to bill for Medicare and Medicaid and therefore the Virginia Department of Health distinguishes between two types of home care agencies⁶:

- 1) **Certified home health agencies** meet the requirements for participation in Medicare under 42 CFR 440.70 (d), by providing skilled nursing services and at least one other therapeutic service, e.g., physical, speech or occupational therapy; medical social

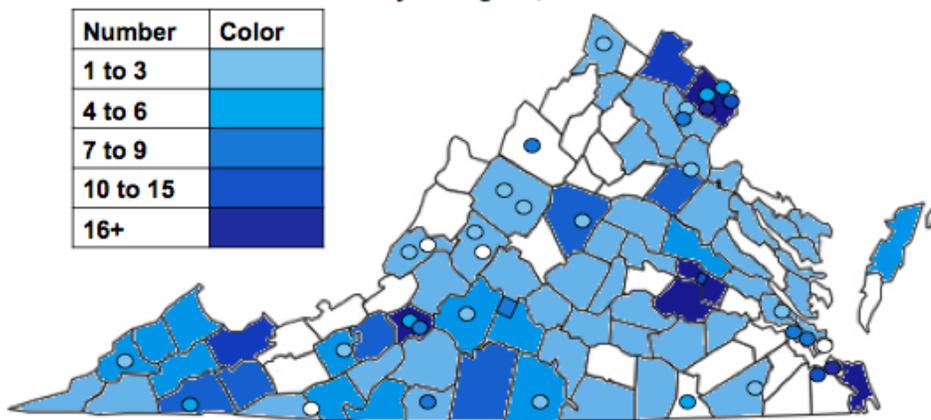
services; or home health aide services, and also meet the capitalization requirements under 42 CFR 489.28. These agencies can accept Medicare and Medicaid clients in addition to private and third party payer clients.

- 2) **Home care organizations** provide an organized program of home health, pharmaceutical or personal care services in the residence of a client or individual to maintain the client's health and safety in his home.

Demographic Profile of Home Care Agencies

According to the 2007 National Home and Hospice Care survey, there were 14,500 home health care and hospice care agencies in the United States. Of these, 10,800 (75%) provided home health care only, while 2,200 (15%) provided hospice care only, and 1,400 (10%) provided both home health care and hospice care.⁹ As of December 2014, the Virginia Department of Health reported that there were a total of 825 licensed home care agencies in the Commonwealth, of which 234 were Medicare certified and 591 were non-Medicare HCO's.¹⁰ Both types of agency operate across the Commonwealth, with a higher number located in the northern, southeastern and western regions as shown by the map in Figure 1 below¹¹ Note that some counties and cities are displayed in white due to the fact that some agencies with multiple locations across different counties and cities report all their branches under one main location, rather than reporting each separately. However, this does not mean home care services are not available in these jurisdictions. The complete detail of agencies by County is shown in the table in Figure 4 on page 7.

Figure 1: Number of Home Health Care Services Establishments by County in Virginia, 2012



The number of jobs in the home care industry varies substantially and is not necessarily related to the number of agencies (see Figure 4). For example, Amelia County has two agencies with up to 19 jobs, whereas Augusta County has two agencies with 100-249 jobs. Well over half (65%) of the home care agencies in Virginia have fewer than 50 employees as shown in Figure 2 below.⁹ Figure 3¹⁰ also below shows the highest concentrations of agencies per jurisdiction. The largest numbers of jobs are in Fairfax County, Henrico County, and Virginia Beach City; this is reflective of both the population densities and the greater number of older adult residents in these areas.

Figure 2: Number of Home Health Care Services Establishments by Employment Size-Class in Virginia, 2012

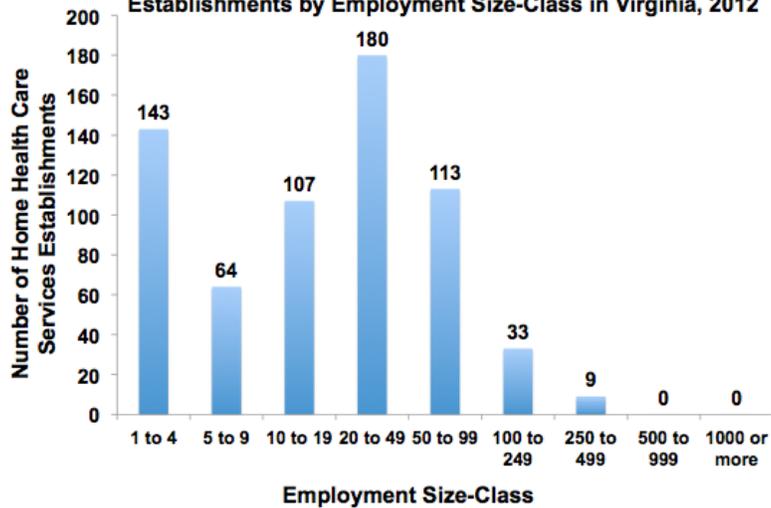
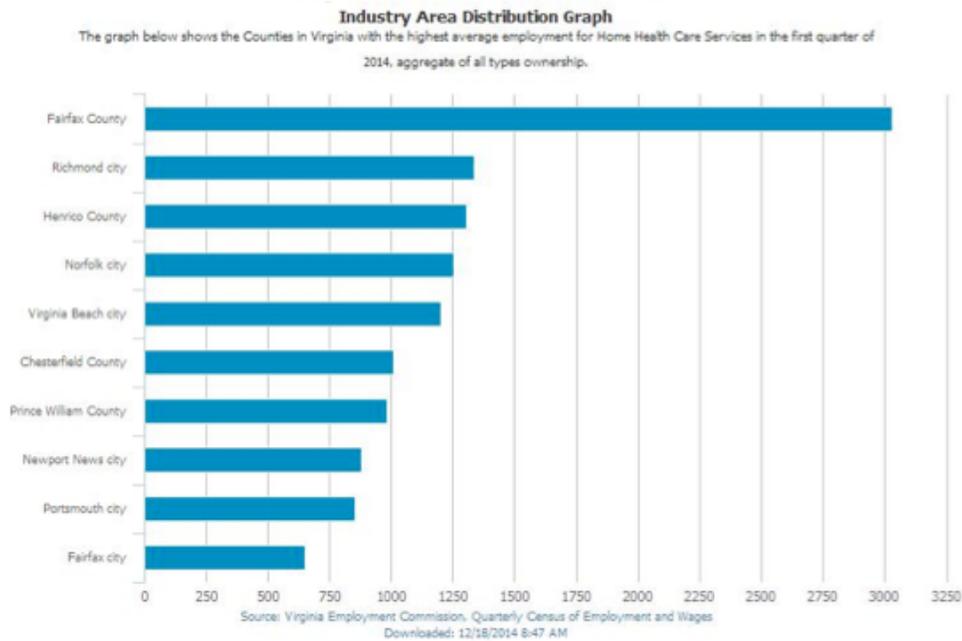


Figure 3: Quarterly Census of Employment and Wages for Home Health Care Services in Virginia in The First Quarter of 2014



Note that home care agencies differed in their method of reporting the numbers of jobs in the County Business Patterns survey issued by the U.S. Census, resulting in some cases in the table in Figure 4 on the following page where the number of jobs is reported as a range rather than a specific number.

Figure 4: Number of Home Care Agencies and Jobs by County or City in Virginia, 2012

City or County	Agencies	Jobs	City or County	Agencies	Jobs
Accomack	4	292	Prince William	24	870
Albemarle	9	250-499	Pulaski	4	46
Alleghany	3	20-99	Richmond County	1	0-19
Amelia	2	0-19	Roanoke	16	513
Amherst	1	20-99	Rockbridge	2	20-99
Appomattox	3	172	Rockingham	4	20-99
Arlington	6	100-249	Russell	5	20-99
Augusta	2	100-249	Scott	2	0-19
Bedford	4	100-249	Southampton	2	0-19
Botetourt	1	0-19	Spotsylvania	8	171
Brunswick	2	20-99	Stafford	3	100-249
Buchanan	4	55	Tazewell	12	163
Buckingham	1	20-99	Warren	1	0-19
Campbell	4	100-249	Washington	9	207
Caroline	1	20-99	Wise	6	114
Carroll	4	134	Wythe	8	20-99
Charlotte	2	0-19	York	3	20-99
Chesterfield	21	659	Alexandria	11	24
Culpeper	3	20-99	Bedford	3	20-99
Cumberland	1	0-19	Bristol	5	79
Dickenson	4	20-99	Charlottesville	2	100-249
Dinwiddie	2	20-99	Chesapeake	15	813
Essex	1	20-99	Colonial Heights	8	424
Fairfax County	79	3404	Covington	1	0-19
Fauquier	3	142	Danville	8	232
Floyd	1	20-99	Emporia	4	207
Fluvanna	1	0-19	Fairfax	16	382
Franklin	1	20-99	Falls Church	6	455
Frederick	2	0-19	Franklin	3	100-249
Gloucester	1	20-99	Fredericksburg	3	20-99
Goochland	3	76	Hampton	7	100-249
Grayson	1	0-19	Harrisonburg	7	343
Halifax	4	165	Hopewell	2	100-249
Hanover	5	100-249	Lexington	1	20-99
Henrico	32	1169	Lynchburg	12	332
Henry	2	20-99	Manassas	8	156
James City	9	257	Manassas Park	1	0-19
King George	1	0-19	Martinsville	6	257
King William	1	20-99	Newport News	15	936

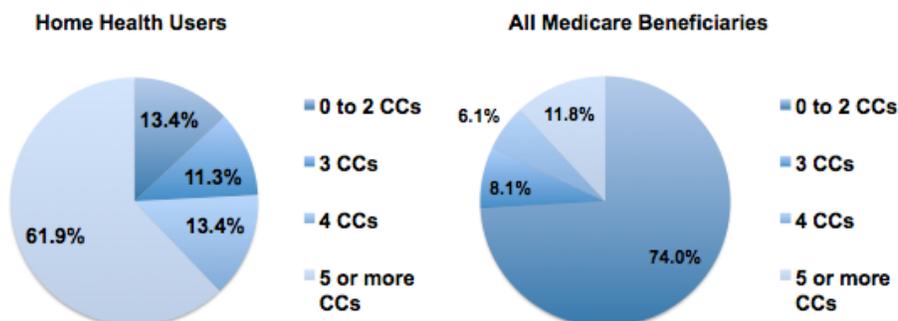
City or County	Agencies	Jobs	City or County	Agencies	Jobs
Lancaster	1	20-99	Norfolk	26	1182
Lee	1	0-19	Norton	1	20-99
Loudoun	13	175	Petersburg	5	198
Louisa	1	0-19	Portsmouth	11	529
Mecklenburg	1	20-99	Radford	1	20-99
Middlesex	1	0-19	Richmond	10	1037
Montgomery	8	208	Roanoke	9	283
New Kent	2	0-19	Salem	5	139
Northumberland	2	20-99	Staunton	2	20-99
Nottway	3	100-249	Suffolk	13	509
Patrick	4	20-99	Virginia Beach	29	832
Pittsylvania	6	165	Waynesboro	1	20-99
Prince Edward	3	100-249	Williamsburg	2	20-99
Prince George	1	20-99	Winchester	2	100-249

Demographic Profile of Home Care Users

According to the 2007 National Home and Hospice Care Survey, on any given day in 2007, there were 1.46 million people receiving home health care in the United States. In Virginia in 2012, 90,694 Medicare beneficiaries experienced a home health episode.¹² There are many other Virginians who have paid privately for home care services or through third party payers such as long term care insurance policies. Over 86% of Virginia home care users had three or more chronic conditions, compared to only 25.9% of all Medicare beneficiaries, indicating that the home care industry in the Commonwealth is providing services to a sicker, frailer population as shown in Figure 5 below.¹³

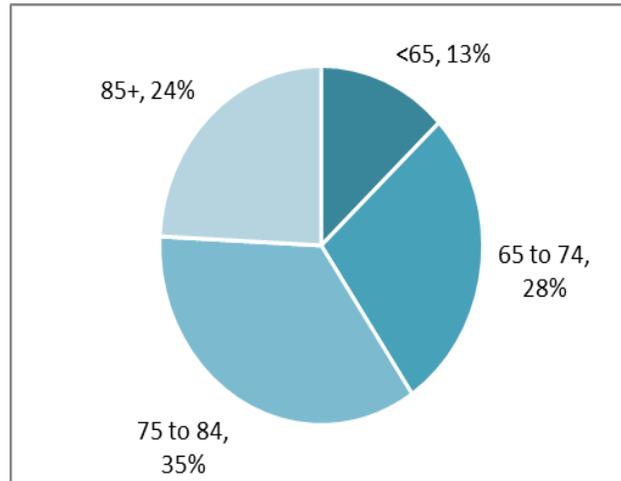
Although home care may be used by people of all ages, its use in Virginia is much higher amongst older adults as shown by Figure 6 on the following page. Home health care users were characteristically white (82%), aged 65 and over (69%), and female (64%).¹⁴ The national average for home health care usage by adults over the age of 65 was calculated to be 94 per 1,000 persons aged 65 and over in 2011, with estimations that Virginia's population of older home care users is roughly in line with the national average.¹⁵

Figure 5: Percentage of Home Health Users by Number of Chronic Conditions (CCs) Compared to all Medicare Beneficiaries, Virginia 2012



At the national level, demographic data indicate that 78.1% of home care users were Caucasian, 14.1% African American, 5.8% Asian and 2.0% other.¹³ State level data on the ethnicity of home care users was not available at the time of writing this report.

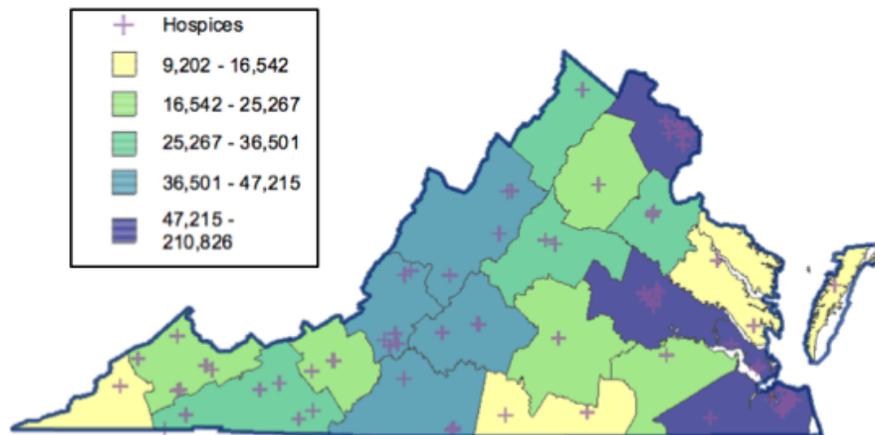
Figure 6: Age Distribution among Home Care Users in the US, 2012



Demographic Profile of Hospice Agencies

According to the Virginia Department of Health, as of December 2014 there were 123 licensed hospice providers in the Commonwealth, of which 112 were Medicare certified.¹⁶ As shown in Figure 7¹⁷ a large number of older adults live in the Northern and South Eastern regions of Virginia and these areas also show a higher concentration of hospices.

Figure 7: Number of Older Adults Aged 65 and Older per Public Health Planning District in Virginia, 2013 Estimates



Demographic Profile of Hospice Users

Slightly more recent information is available for the national profile of hospice users than for home care users, although state level data was not available at the time of writing this report. In 2013, 54.7% of hospice patients were female and 45.3% were male.¹⁸ Categorized by ethnicity, 80.9% of hospice users were white, 8.4% African American, 7.5% multiracial or other, 2.9% Asian, Hawaiian or other Pacific Islander and 0.3% American Indian or Alaskan Native. The majority of hospice users are age 65 and over, as seen in Figure 8 below. The national average rate of hospice use among people aged 65 and over is estimated to be 28 persons per 1,000 aged 65 or over with Virginia hospice users estimated to be similar in number to the national average.¹⁹

Figure 8: Age Distribution among Hospice Patients in the US, 2013

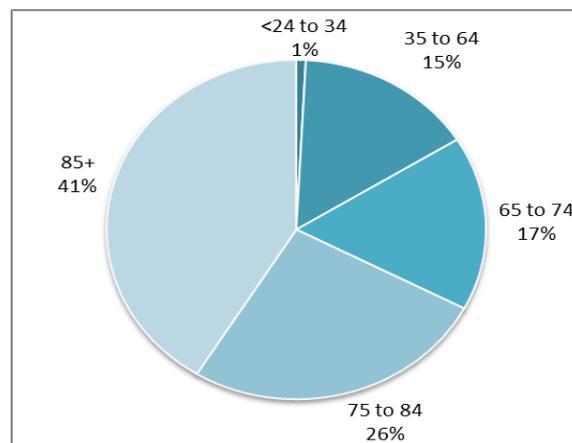


Figure 9 below shows that a little over one third of hospice admissions are due to a primary diagnosis of cancer.

Figure 9: Percentage of Hospice Admissions by Primary Diagnosis, 2013

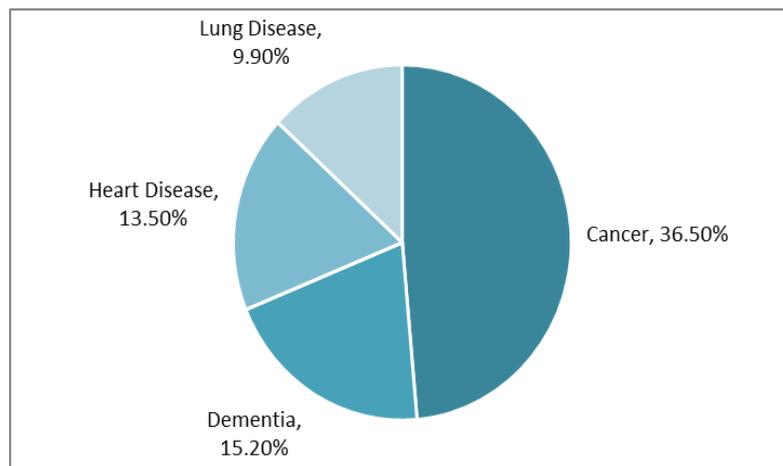
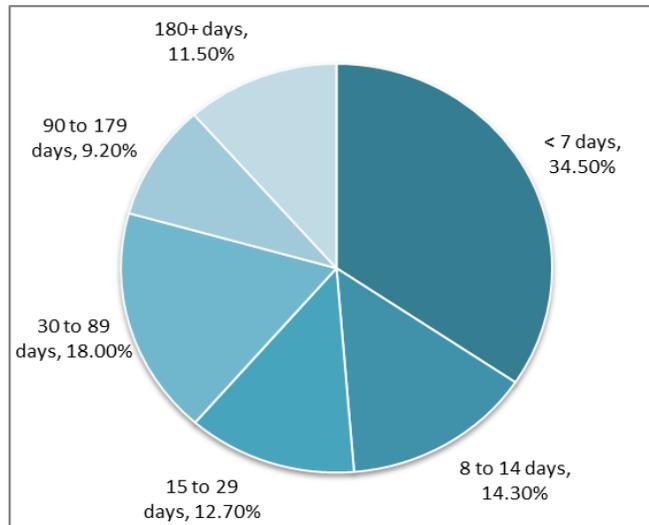


Figure 10 below shows the average length of stay for a hospice patient (72.6 days) in 2013. However, the median length of stay is a more useful measure. The median length of stay for a hospice patient in 2013 was 18.5 days, indicating half of hospice patients experienced a longer length of stay and half experienced a shorter length of stay. The large difference between the median and the average lengths of stay indicates that some hospice patients received hospice services for a significantly longer time than the median length of stay.

Figure 10: Proportions of Hospice Patients by Length of Service, 2013



SECTION 2: The Contribution of the Home Care and Hospice Industry to Virginia's Economy

Introduction

The economic impact of an industry relates to its effects on the level of economic activity in a particular area or region. The economic contribution of an industry to a local economy is based on the premise that the industry in question supports other industries through its purchases of intermediate inputs, i.e., goods and services that are used in the process of providing home and hospice services.²⁰ The production of the end goods and services by home care and hospice agencies is referred to as the economic output of the industry.

In addition, the home care and hospice industry's employees also support other industries in a region by purchasing goods and services with the salaries and wages that have been paid to them by home care and hospice employers. Multipliers, established through economic analyses, are used to estimate an industry's total contribution to a region by taking the initial or direct economic impact of an industry (for instance, its payroll spending) and multiplying it by a factor to reflect the connected nature of the economy – that is, what is paid out to one person or company is then spent and re-spent in the economy, creating a multiplier effect. The total economic impact of an industry is comprised of direct and indirect economic impacts, as shown in Figure 11.²¹

Figure 11: The Total Economic Impact of the Home Care and Hospice Industry



In the home care and hospice industry, direct economic impacts include organizational spending by agencies: the payment of rent and capital costs, the payment of salaries and wages, and the purchase of goods and supplies needed to deliver home care and hospice services. Indirect impacts, also known as the multiplier effect, are the additional economic impacts created as a result of home care and hospice agencies' direct economic impact. For example, as employees and businesses who have received payments from home care and hospice agencies re-spend these dollars on food, shelter, clothing etc. within the local economy, they create an indirect economic impact. Virginia's home care and hospice industry is making a sizeable contribution to Virginia's economy, both directly and indirectly.

The Expenditure Impact of the Home Care and Hospice Industry

In conducting this analysis, it was necessary to use data from the U.S. Bureau of Labor Statistics on the number of agencies, as this is the only source of payroll information for home care and hospice agencies. The number of agencies reported is less than the number reported by the Virginia Department of Health Office of Licensure and Certification Acute Care Division (the Virginia Department of Health) so the estimates below may be understated. Please see the Limitations Section for more detail on this methodological challenge.

In 2012, the sum total of the payrolls of the 694 home care and hospice agencies reported in the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages survey was \$674,562,410, as shown in Figure 12. In order to estimate the economic impact of this payroll expenditure on Virginia's economy, the total payroll is multiplied by a factor of 1.5269 (as recommended by the U.S. Bureau of Economic Analysis for this industry type). The multiplier effect amplifies the initial economic impact of the home care and hospice industry payroll and captures the indirect effects, including spending by employees of at least part of their take-home pay locally, for instance for housing, utilities, food, child care, entertainment and other routine needs. The resulting product of the initial payroll times the multiplier is the estimated total economic impact of payroll spending by Virginia home care and hospice agencies.

Figure 12: Estimated Impact of Home Care Agencies on Labor Income in Virginia 2012¹³

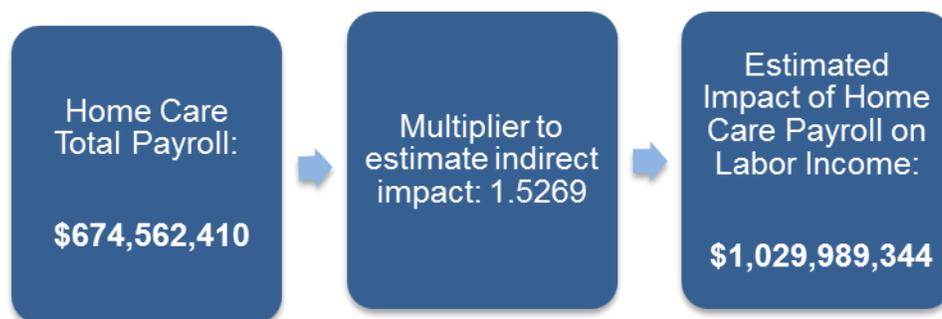


Figure 13 on the following page shows the estimated total economic impact of the output of the home care and hospice industry, which is the market value of the goods and services produced by this industry in the Commonwealth and purchased by its customers. Following the same logic as above, the total value of goods and services produced by the Virginia home care and hospice industry (\$530,886,108) is multiplied by a factor of 2.086 (as recommended by the U.S. Bureau of Economic Analysis) to capture the indirect effects of the purchase of goods and services with a resulting product of \$1,121,019,106 which represents the total estimated economic impact of spending on home care and hospice services in Virginia.

The home care and hospice industry in Virginia rivals several other significant industries in terms of its economic impact through expenditure on payroll. Spending on payroll by home care and hospice agencies exceeds that of elementary and secondary schools combined, pharmacies and drug stores combined, gas stations, department stores, clothing stores, and agriculture, forestry and fishing and it is equal in size to the mining, quarrying and extraction industry.

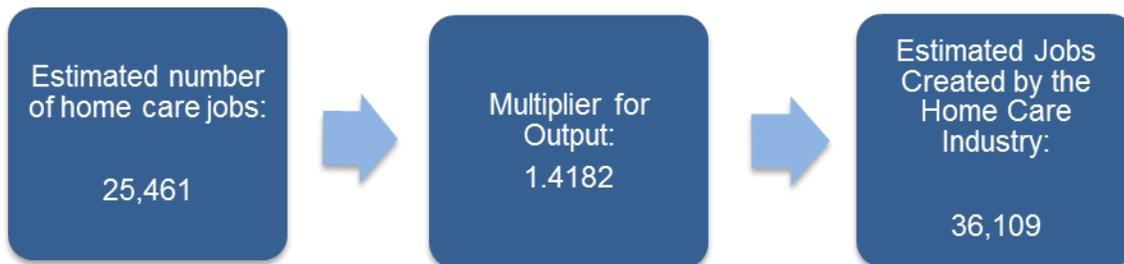
Figure 13: Estimated Total Economic Impact of Home Care Agencies on Output in Virginia 2012¹³



The Employment Impact of the Home Care and Hospice Industry

In Virginia, there were 25,461 jobs in the home care and hospice industry in 2012.¹³ Using a multiplier to estimate the indirect effects of this employment, Figure 14 below provides an estimate of the total job creation by the home care and hospice industry which includes jobs within the industry plus jobs in other sectors which are supported by the home care and hospice industry. The estimated number of jobs (25,461) is multiplied by a factor of 1.4182 (as recommended by the U.S. Bureau of Economic Analysis for this industry). The multiplier allows for estimating the unknown additional number of jobs in the home care and hospice industry due to self-employed and contract workers, as discussed in the Methodology section, with the result that the home care and hospice industry is estimated to have provided over 36,000 jobs in Virginia in 2012.

Figure 14: Estimated Home Care and Hospice Job Creation 2012¹³



The home care and hospice industry is a significantly larger employer, in terms of number of jobs, than the following Virginia industries: agriculture, forestry and fishing, mining quarrying and extraction, chemical manufacturing, machinery manufacturing, utilities, elementary and secondary schools combined, telephone call centers, landscaping services, insurance agencies and brokers, pharmacies and drug stores, and credit unions.

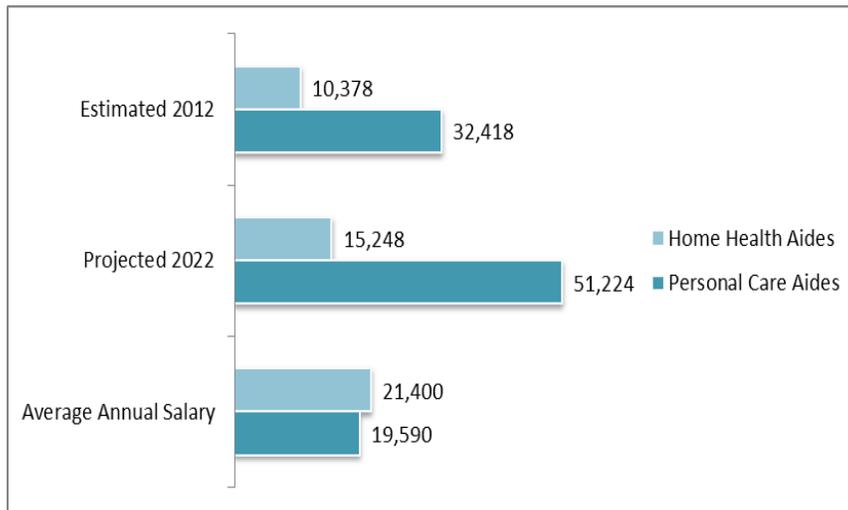
Future Growth of the Home Care and Hospice Industry

As the demographic profile in Section One of this report indicated, older adults are the majority users of home care and hospice services. Population projections for the Commonwealth of Virginia indicate that the number and proportion of older adults in the population are increasing faster than other age groups over the coming decades. In 2010, there were 976,937 adults aged 65 and over in Virginia.²² This number is expected to increase

significantly over the decades to 2030 when the projected number of adults over the age of 65 may reach 1.8 million. This represents a doubling of the population aged 65 and over in Virginia between the years 2000 and 2030. With this increasing older population will come an increased demand for home care and hospice services.

This strong, growth based outlook will inevitably lead to increased employment in the home care and hospice industry. Employment is a key economic driver and therefore the projections for the future economic impact of home care and hospice are also strongly positive. Figure 15 below shows the projected growth in the number of home health aides and personal care aides in the Virginia labor force over the period of 2012 to 2022, a projected 46.93% and 58.01% increase.²³

Figure 15: Employment of Home Health and Personal Care Aides in Virginia 2012-2022



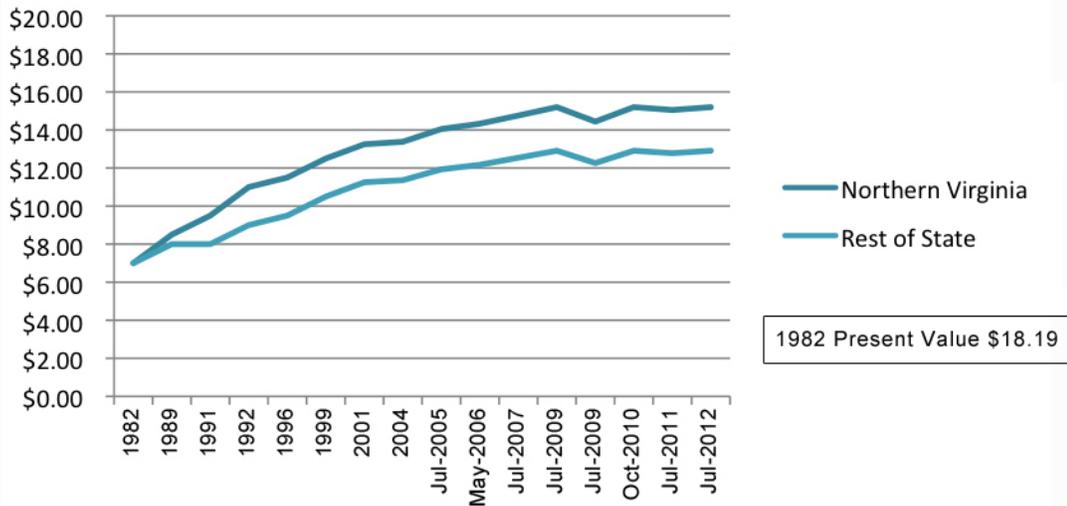
SECTION 3: Medicaid Waiver Reimbursement Rates

Medicaid is a joint federal and state program authorized under Title XIX of the Social Security Act that provides health and long-term care coverage for specific groups of Virginians with low incomes. In Virginia, Medicaid is administered by the Department of Medical Assistance Services (DMAS) and is jointly funded by Virginia and the federal government. According to the Henry J. Kaiser Family Foundation, U.S. Medicaid expenditure in 2010 was \$5,715,574 million with Virginia spending \$7,166 million of the total.²⁴ Medicaid has taken on an increasingly important role in providing coverage of home care and hospice services to Virginians with low incomes.

Virginia operates a Medicaid Waiver program the purpose of which is to offer home and community based services to individuals who would otherwise have to enter an institution. The Elderly or Disabled with Consumer Direction (EDCD) waiver is of importance in the context of home care and hospice services, as this waiver is targeted at the population of individuals who meet the criteria for nursing home placement (i.e. they are functionally dependent and have medical nursing needs) and are at imminent risk of nursing home placement but who have chosen to receive community-based services that enable them to remain at home. Services that can be delivered under the Waiver program include medication monitoring and personal care aide services amongst others.

Home care is a high quality, and often cost-effective, alternative to institutional care such as nursing homes and therefore represents a cost-efficient way to spend scarce federal and state resources. However, federal and state policies governing healthcare, including Medicaid reimbursement, have a significant impact on the recruitment and retention of the workforce delivering home care and hospice, as these policies determine wages, benefits and training opportunities. Figure 16 depicts the per-hour reimbursement rates that have been established for Medicaid waiver programs that fund home and community based services such as personal care, along with the state fiscal year in which each rate was first established. Once established, rates remain unchanged until new rates are established by legislative action. From 1989, rates were determined for Northern Virginia separately from the rest of the state. It is clear from Figure 16 below that Medicaid reimbursement rates have failed to keep pace with inflation.

Figure 16: History of Medicaid Hourly Rates for Personal Care Services



SECTION 4: Conclusion

The home care and hospice industry in Virginia is a fast growing industry and a significant contributor to the economy of Virginia at the same time as it is enriching the lives of the thousands of Virginians who wish to receive care at home. The home care and hospice industry serves tens of thousands of Virginians every year enabling them to realize their ambitions to receive quality and cost effective care in the comfort of their own homes. The home care and hospice industry is a major provider to Virginians over the age of 65 who make up the majority of service users and will continue to do so into the future as the Commonwealth's population ages in line with demographic trends across the United States. National polls continue to show that people prefer to receive care at home

The home care and hospice industry also supports many thousands of Virginians who are either directly or indirectly employed by it, therefore enabling them also to contribute to the Commonwealth's economy. The home care and hospice industry employs more people than many other significant industries in Virginia, including agriculture, and current projections for employment growth suggest that it will double in employment terms over the coming decade. As the population of the U.S. and Virginia ages, home health care and hospice enrollments will increase, driving up both staffing and spending with a resulting positive impact on Virginia's economy.

This positive growth trajectory may be dependent on a number of factors, however. Home care workforce shortages are already a reality in some areas of Virginia and although national surveys indicate that home care workers are broadly satisfied with their jobs, they are a low paid and fluctuating workforce with the need to be recognized and valued for their skills and commitment to quality care.²⁵ Pay and reimbursement structures have an important role to play in ensuring that the care Virginian's deserve can continue to come to them at home. The Medicaid reimbursement deficits compared to inflation are a key concern as the Medicaid Waiver program, and in particular the Elderly and Disabled Consumer Directed Waiver, enable Virginians to receive care at home which is more desirable to them and more cost-effective to the tax payer.

Home care and hospice play a strategic role in realizing wider health goals, including helping people to avoid hospital readmissions, managing chronic conditions, preventing illness and allowing people to remain at home where they are more comfortable and where the costs are greatly reduced as compared to hospitals and nurse homes. The home care and hospice industry is also making a significant positive economic impact on Virginia's economy and is projected to continue to do so into the coming decades with strong projected job growth and growth in economic output based on goods and services delivered. Taken together, these features represent a vibrant and important industry in the Commonwealth for decades to come.

SECTION 5: LIMITATIONS

The Virginia Department of Health Office of Licensure and Certification Acute Care Division (the Virginia Department of Health) is responsible for licensing home care and hospice agencies, and thus maintains a register of agencies in the Commonwealth. The list is maintained on their website and was downloaded in December 2014. The list captures each agency as a separate entity even if it is a local office which is part of a larger chain and lists agencies separately depending on whether or not they are Medicare certified. The total number of home care agencies listed in December 2014 was 825.

In comparison, the home care agency numbers reported in the County Business Patterns data from the U.S. Census (as reported by the U.S. Bureau of Labor Statistics) appear to understate the number of home care and hospice agencies operating in Virginia, when compared with the data from the Virginia Department of Health. As well as the explanation above, there could be several additional reasons for this discrepancy, including: 1) agencies may have identified themselves under a different North American Industry Classification System (NAICS) code^a for the healthcare industry, for instance home care or hospice agencies working in institutional settings are reported under the NAICS code for skilled nursing facilities (623110) and it is therefore not possible to identify them separately; 2) government run home health agencies are not reported in the Bureau of Labor Statistics data nor are they captured in this report; 3) self-employed individuals who provide home care services are not reported in the Bureau of Labor Statistics data, nor are they captured in this report.

The estimates of the economic impact of the home care and hospice industry contained in this report derive in part from an analysis conducted by Avalere Health LLC using Bureau of Economic Analysis multipliers in conjunction with employment and wage data from the Bureau of Labor Statistics and revenue data from the Centers for Medicare and Medicaid Services Medicare cost reports. The numbers of home care employees and home care jobs are likely to be under-represented in this report due to similar challenges with data collection as described above. Essentially, there are an unknown number of home care contractors providing services to home care agencies which are not captured in the data published by the Bureau of Labor Statistics. Similarly, there are an unknown number of self-employed home care personnel who are not captured in these figures. However, it is relevant to note that the Bureau of Economic Analysis multiplier applied to the County Business Patterns data on payroll and job numbers can be considered as an attempt to capture this additional but unquantified home care and hospice activity.

It should be noted that these analyses could not be performed using the Virginia Department of Health data on numbers of home care and hospice agencies because that agency neither collects nor reports payroll and staffing which are required for the analysis of economic impact.

^a NAICS is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Freestanding home care and hospice agencies are captured under NAICS code 621600 and reported in the County Business Patterns data published by the Bureau of Labor Statistics (BLS).

Glossary

Home care organization: Per the Code of Virginia § 32.1-162.7 a public or private organization, whether operated for profit or not for profit, that provides, at the residence of a patient or individual in the Commonwealth of Virginia, one or more of the following services:

1. Home health services, including services provided by or under the direct supervision of any health care professional under a medical plan of care in a patient's residence on a visit or hourly basis to patients who have or are at risk of injury, illness, or a disabling condition and require short-term or long-term interventions;
2. Personal care services, including assistance in personal care to include activities of daily living provided in an individual's residence on a visit or hourly basis to individuals who have or are at risk of an illness, injury or disabling condition; or
3. Pharmaceutical services, including services provided in a patient's residence, which include the dispensing and administration of a drug or drugs, and parenteral nutritional support, associated patient instruction, and such other services as identified by the Board of Health by regulation.

Home and community based services: the long-term care services provided to an individual in their home and community. This may include home care, but extends to other services including transportation, home-delivered meals, and adult day services.

Certified home health agency: a home care organization that meets the requirements for participation in Medicare under 42 CFR 440.70 (d), by providing skilled nursing services and at least one other therapeutic service, e.g., physical, speech or occupational therapy; medical social services; or home health aide services, and also meets the capitalization requirements under 42 CFR 489.28. These agencies accept Medicare and Medicaid clients in addition to private and third party payer clients. 'Home care organization' or 'HCO' means a public or private entity providing an organized program of home health, pharmaceutical or personal care services in the residence of a client or individual to maintain the client's health and safety in his home. A home care organization does not include any family members, relatives or friends providing care giving services to persons who need assistance to remain independent and in their own homes. These providers do not accept Medicare or Medicaid clients.

Home care: The code of Virginia (§32.1-162.7) defines a home care organization as "a public or private organization, whether operated for profit or not for profit, that provides, at the residence of a patient or individual in the Commonwealth of Virginia, one or more of the following services: 1) home health services, including services provided by or under direct supervision of any health care professional under a medical plan of care in a patient's residence on a visit or hourly basis to patients who have or are at risk of injury, illness or a disabling condition and require short-term or long-term interventions; 2) personal care services, including assistance in personal care to include activities of daily living provided in an individual's residence on a visit or hourly basis to individuals who have or are at risk of illness, injury or disabling condition; or 3) pharmaceutical services, including services provided in a patient's resident, which include the dispensing and administration of a drug or drugs, and parenteral nutritional support, associate patient instruction, and such other services as identified by the Board of Health by regulation.

Home health: The code of Virginia (§32.1-162.7) defines home health services as those services provided by or under the direct supervision of any health care professional

under a medical plan of care in a patient's residence on a visit or hourly basis to patients who have or are at risk of injury, illness, or a disabling condition and require short-term or long-term interventions;

Hospice: The code of Virginia (§32.1-162.1) defines hospice as “a coordinated program of home and inpatient care provided directly or through an agreement under the direction of an identifiable hospice administration providing palliative and supportive medical and other health services to terminally ill patients and their families. A hospice utilizes a medically directed interdisciplinary team. A hospice program of care provides care to meet the physical, psychological, social, spiritual, and other special needs which are experienced during the final stages of illness, and during dying and bereavement. Hospice care shall be available twenty-four hours a day, seven days a week. “Home care services include skilled care provided by licensed professionals such as nurses, home support services including personal care, housekeeping and meal preparation, equipment and supplies, and hospice care for those with a terminal diagnosis.

Personal care services: The code of Virginia (§32.1-162.1) defines personal care services as assistance in personal care to include activities of daily living provided in an individual's residence on a visit or hourly basis to individuals who have or are at risk of an illness, injury or disabling condition;

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