



OCTOBER 2018

# Home Care in New York State THE LHCSA MORATORIUM AND BEYOND

In the service of home care in New York State, change is afoot.

As you know, for many years the Department of Health issued no shortage of licenses for health care agencies in anticipation of the future care needs of the baby boomer population. **Today, more than 1,400 licensed home care services agencies (LHCSAs)** operate throughout the state delivering a range of services from nursing care all the way to housekeeping services.

This number doesn't account, of course, for the agencies who don't have an official license but who were nonetheless approved by the state's Public Health and Health Planning Council to meet the rising demand for its citizens.

## The Result

Surging Medicaid expenditures that were in step with difficulty managing, controlling and overseeing these services across New York State. Consider that over \$9 billion of New York's \$70 billion Medicaid expenses came from home care in 2017. At the same time, there was no way to ensure clients were receiving quality care and achieving optimal outcomes.

## The Reaction

The state is determined to cut the number of agencies and curb the rising costs of home care.



## Tap turned off for new LHCSAs

On April Fool's Day this year, the government placed a moratorium on any new agencies applying for a license. While this moratorium is set to expire at the end of March 2020, it is just as likely to be extended well past that date.

That means New York State's number of licensed agencies will not grow -- but in fact, may shrink because the door was left open to established health care agencies joining forces or simply being acquired by another.

During the moratorium, agencies can switch ownership but only in cases where at least two agencies consolidate. Other elements are in place that prevent licenses being transferred to other owners: you can do so, but that agency has to have existed for five years.

The health authority believes that, through consolidation, it can better regulate home care agencies -- and those agencies will be better off because of it. They will no longer need to compete as much for business, and can concentrate on improved patient outcomes, better training for nurses, and ultimately, achieve greater insight into their business operations.

It is safe to assume that the age of agency proliferation is over. Even when the moratorium lifts, there will be other factors in play during the licensing process. Here's an interesting new wrinkle when the time comes: the Public Health and Health Planning Council will consider whether a new provider is needed in that region of the state before it approves a new agency. They will calculate what they determine to be an adequate number of agencies according to geographic boundaries and, if they judge supply to be sufficient for demand, new applications won't be processed.

In this atmosphere, there are challenges. But for agencies themselves, it's a window of opportunity. It's always prudent for any business to look into the future and chart next steps, and this current climate is the perfect time to start building a strategy.

[sales@alayacare.com](mailto:sales@alayacare.com) | 855.858.5214 | [alayacare.com](http://alayacare.com)

**During the moratorium, agencies can switch ownership but only in cases where at least two agencies consolidate. Other elements are in place that prevent licenses being transferred to other owners: you can do so, but that agency has to have existed for five years.**

## Growth opportunities for New York home care

The New York home care industry will continue to prosper. Retirement-age Americans will double between now and 2060. For agencies determined to succeed over the long-term, the time is now to put the pieces in place.

Making the right decisions now will help address the pressing issues in our industry that include [mandated electronic visit verification](#), [employee churn](#), [emergency preparedness](#), and a shift to [value-based purchasing](#).

In New York, the clear opportunity is to embrace one's competitors. Scaling a business during the years when prospective clients will be growing poses an upside for not only the bottom line, but for the ability to provide high-level care.

Medium-sized agencies are greeted with the opportunity to partner with growing organizations. The biggest home care players in New York now face new competition, new challenges -- and the businesses whose models favor optimal client care will win the day.

At the same time, the state's middle or larger agencies can now consider acquiring smaller organizations that may wish to leave the game. Among the many new legal requirements is the fact that each home health agency must erect a quality assurance committee with at least one nurse that recommends policy changes to the delivery of home care services.

While the moratorium has its negative perceptions, it's also an opportunity for mid and larger players to acquire smaller orgs -- small mom-and-pop shops that want to get out of the business. Ultimately, quality assurance committees are going to result in added expenses and resources, and smaller agencies may not have the capacity or budgets to implement them. For this and other reasons, smaller agencies may be in the market to sell.



Each home health agency must erect a **quality assurance committee with at least one nurse that recommends policy changes to the delivery of home care services.**

---

**\$9 billion**

of New York's \$70 billion Medicaid expenses came from home care in 2017





**Agencies who wish to grow while delivering quality care and support to their clients need to optimize their entire operation. The pill for that headache is a solid tech solution.**

## **Technology is needed to scale**

A business deal is a business deal, but in order for agencies to successfully scale, the right technology simply must be in place. It is the key to seizing opportunity and getting ahead. Amidst growth, key business operations such as keeping skilled staff happy, fulfilling each client's needs, keeping continuity of care, applying EVV, and keeping the administrative side of business fluid, all become magnified.

AlayaCare is an advanced software company and we've seen many clients achieve streamlined operations, increased business, and scalability by learning how technology can work for them.

Most important for any agency looking to the future is to choose software that not only covers an agency's needs today and tomorrow -- but can grow and evolve right along with a scaling home care enterprise. ([More on this angle here.](#))

If agencies seek consolidation or acquisition, there are certain aspects of business that can help guarantee successful growth. Key areas that we have identified in our research have been ensuring scheduling of caregivers is a prime focus, as is back-office administration and the need for any staff to access on-demand, real-time data across multiple locations. Cloud-based solutions can enable such change.

In boom times like in New York State, [technology is key to helping home care agencies grow.](#) In order to grow a business, efficient gains are a must -- and agencies would be wise to explore software solutions that are concentrating not only on the well-known issues in today's industry, but on predicting those to come.

Shifting from paper-based processes to digital solutions is the most low-hanging fruit there is. Agencies who wish to grow while delivering quality care and support to their clients need to optimize their entire operation. The pill for that headache is a solid tech solution.