

5 Reasons TrumpCare Will Cause A Home Care Boom

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It's no secret that the home care industry has been in a downward spiral for the past decade, primarily due to declining reimbursements and audits, among other obstacles. As a direct result, the number of providers has decreased, leading to larger and larger companies that can take advantage of economies of scale. Despite these concerns, demand has continued to rise as older citizens and people with disabilities want care in their own homes.

Home care companies, including home health and hospice agencies, are putting a lot of faith in TrumpCare, especially Health and Human Services (HHS) Secretary Tom Price, for good reason. He has a strong history of championing healthcare reform and he has pledged to reduce the regulatory red tape that bedevils many home care companies. Here are the five most significant reasons why we will see expansion in the home care industry during the Trump administration:

1. **HHS Secretary Tom Price will listen and promote home care.** Previous secretaries of HHS have had little to no communication with providers, making assumptions (usually negative) about the provider community. Coming from the provider side, Secretary Price has a history of working with home care agencies because of his belief that providers have an extremely valuable role in the healthcare continuum.
2. **The Trump administration will expand the financial commitment to home care.** The US has large Medicare/Medicaid beneficiary populations with limited personal funds for necessary medical services and home care is often the least expensive way to deliver effective services and equipment. Numerous studies have concluded that for every \$1 spent on home care, The Centers for Medicare & Medicaid Services (CMS) saves \$30 dollars (or more) in acute care cost. Additionally, patient outcomes in the home are generally better than in an acute care setting. Given the focus on cost cutting and block grants we can expect even more financial support for these services.
3. **Changes in Obamacare (aka the Affordable Care Act) will be incremental.** Despite all the harsh rhetoric, I expect the framework for the ACA to stay largely in place. Residents of many states have made their concerns known in several raucous town hall meetings and concerns about the ACA have been prominent. Complete repeal-and-replace is more of a campaign slogan than the reality of what people desire. Home care options were promoted by Obamacare and are likely to continue to have favored status.
4. **The healthcare continuum will become more outpatient focused.** The evolution of healthcare away from hospital-centric care toward outpatient services (e.g. ambulatory surgery centers) will accelerate because of cost effectiveness and good outcomes, including lower infection rates. Home care has

been demonstrated to be a strong partner in supporting a positive patient social environment and reducing the likelihood of hospital admissions.

5. **Home care M+A activity will increase.** As a result of public policy shifts, cost controls and other changes, providers will need to further scale and consolidate to insulate themselves from risk. Additionally, there will be another generation of tech savvy entrepreneurs that will find new opportunities in startups, as well as acquiring existing providers as they build a more comprehensive continuum of services.

Note: *The impact of the new administration on the home care and DME industries will be a focus at this week's Medtrade event at the Mandalay Bay Convention Center in Las Vegas, from February 27th through March 1st (www.medtrade.com). I will be speaking on "**Key Transaction Elements in Mergers and Acquisitions**" with Jeff Baird, Chairman of the Health Care Group of Brown & Fortunato, in the **South Seas D** breakout room from **4:00 – 5:00 pm on Tuesday, February 28th** and I hope to see you there. For further information or to arrange a meeting please contact me directly at bsmith@vertess.com or 817.793.3773.*