

Opportunities for Home Care Coops

HOME CARE COOPERATIVE CONFERENCE, NOVEMBER 2017

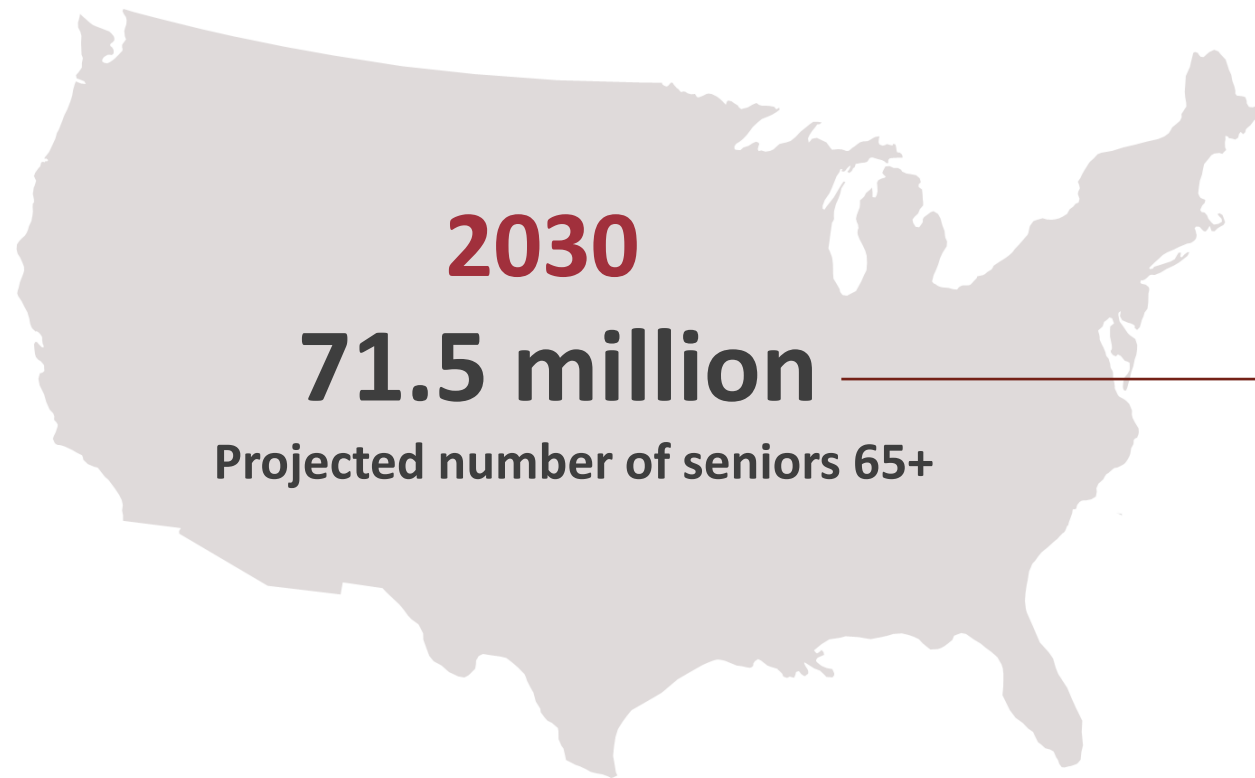




Home Care

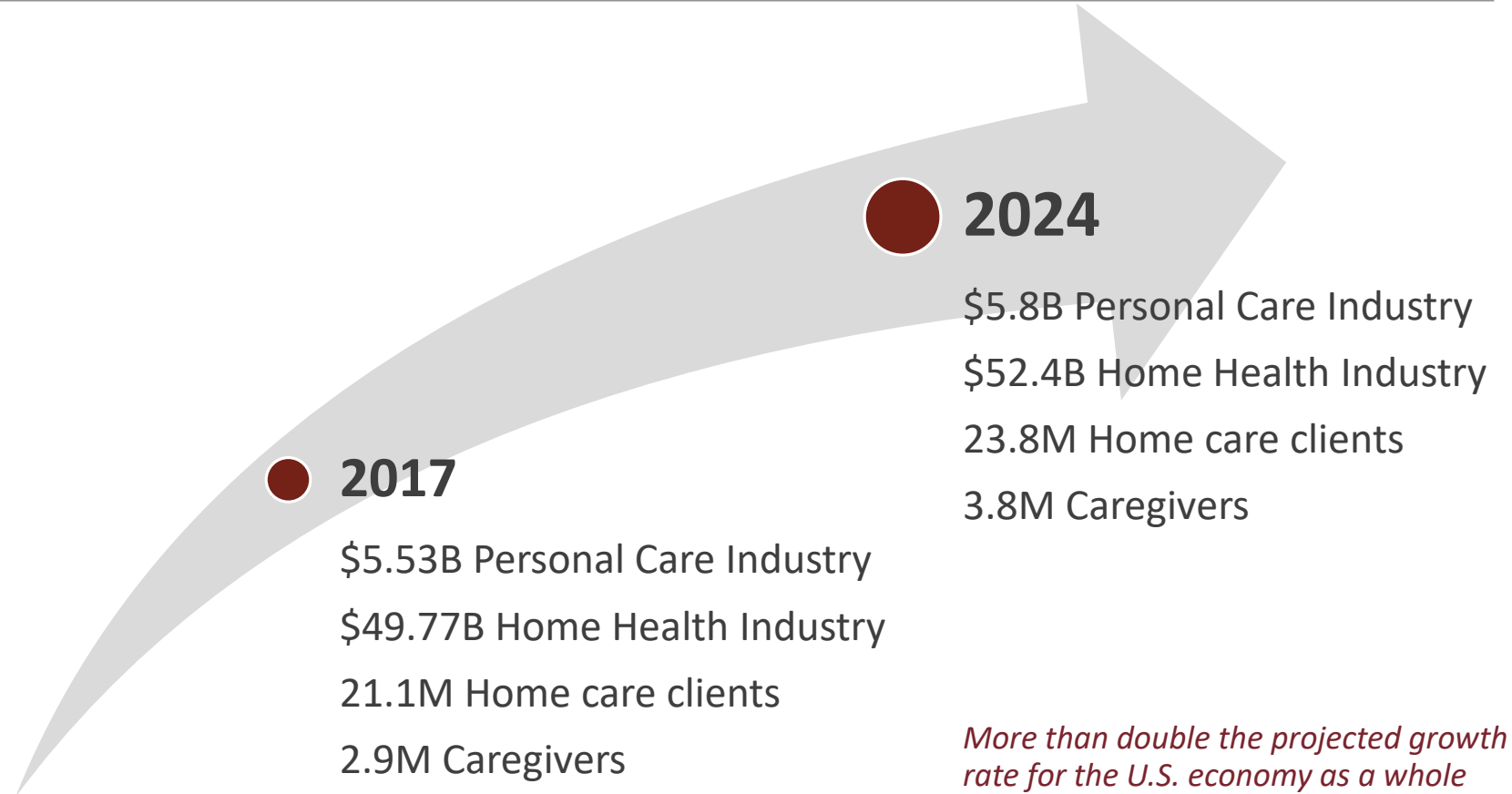
A NATIONAL OVERVIEW

Senior Population Growth

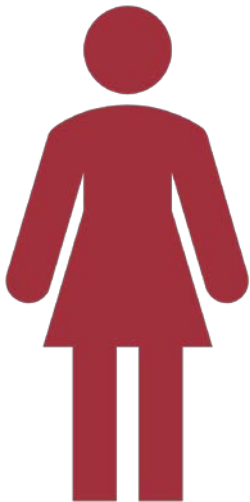


87% wish to age at home

Top 10 Fastest Growing Industries



Home Care Job Profile



Low Pay	<ul style="list-style-type: none">• Average Hourly Pay of \$10.70• Over 50% on Public Assistance
Limited Benefits	<ul style="list-style-type: none">• 18% of Caregivers are uninsured• 40% on Medicaid
Insufficient Training	<ul style="list-style-type: none">• No Federal Training Standards for Personal Care Aides• Inadequate training standards for Home Health Aides and Nursing Assistants
Unstable	<ul style="list-style-type: none">• 67% of Caregivers work part time



Market Assessment

EVALUATING MARKET OPPORTUNITIES

5 Key Categories to Consider

- 1) Client Demographics:** *Is there demand for home care services?*
- 2) Labor Supply:** *Are there workers to meet demand?*
- 3) Payers:** *How will services be paid for?*
- 4) Market Competition:** *Who are the primary competitors for clients?*
- 5) Barriers to Entry:** *How difficult is it to enter the market and grow?*

1: Key Metrics: Client Demographics

Q: Is there demand for home care services in my market?

- Total Number in Home Care Subset
(Frail Elderly, Individuals with Independent Living and Self-Care Disabilities)
- Growth in Aging Population
- Total % Population Age 65+
- Total % Population Individuals with Disabilities
- Total % Population on Medicaid

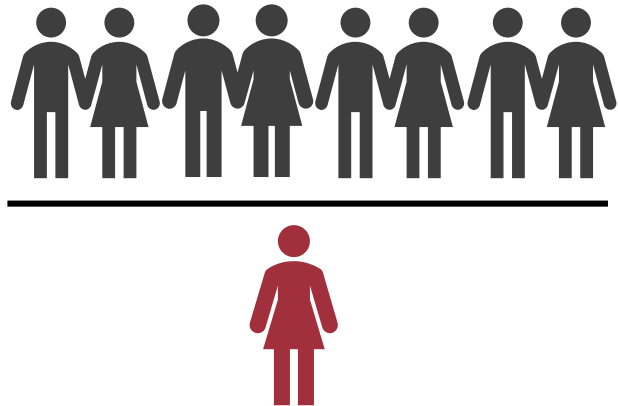
2: Key Metrics: Labor Supply

Q: Are there workers to meet demand?

- Caregiver Dependency Ratio
- Other Entry-Level Pay Comparison
- Prime-Age Labor Force Participation Rate (25-55 years of age)
- Unemployment Rate

Caregiver Ratio

$$\text{Caregiver Ratio} = \frac{\left(\begin{array}{c} \text{Frail Elderly} \\ (20\% \text{ of senior population}) \end{array} \right) + \left(\begin{array}{c} \text{18 to 65 year old} \\ \text{disabled population} \end{array} \right)}{\left(\begin{array}{c} \text{Home Health} \\ \text{Aides} \end{array} \right) + \left(\begin{array}{c} \text{Personal} \\ \text{Care Aides} \end{array} \right) + \left(\begin{array}{c} \text{Nursing Assistants} \\ (8\% \text{ of total in HCBS}) \end{array} \right)}$$



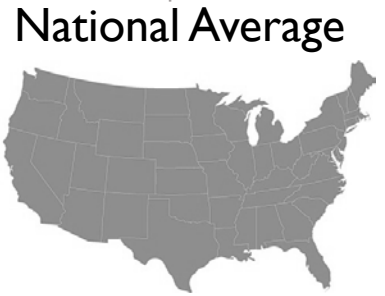
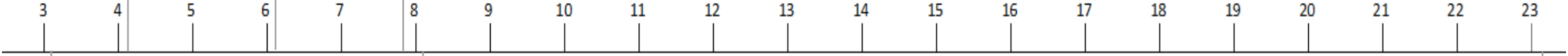
8 Likely Clients for Every 1 Caregiver
significant variations nationally

Caregiver Ratio & Recruitment

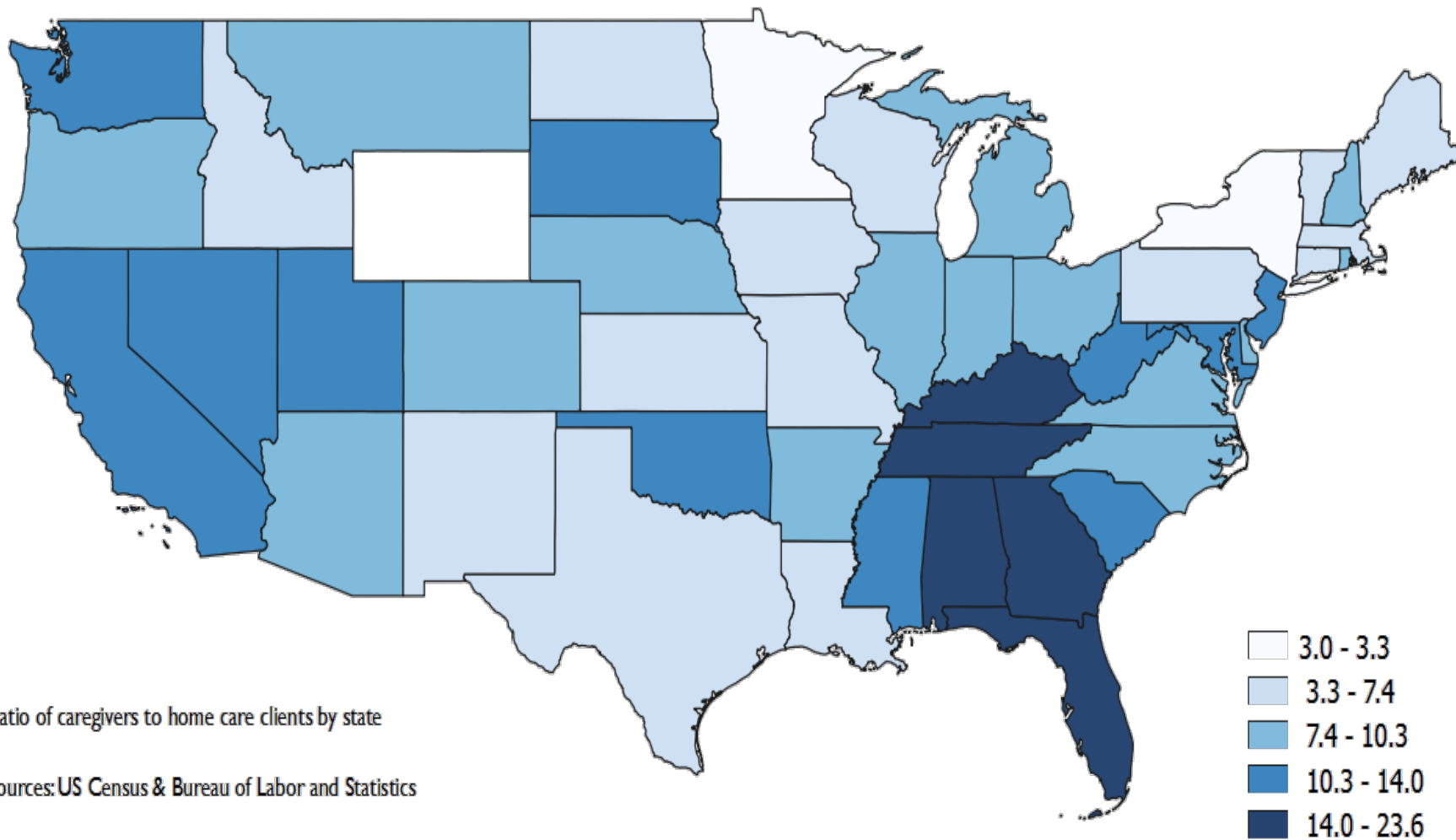


Factors Affecting Recruitment

- Immigrant Population
- Scale of agency
- Pay
- Benefits
- Guarantees Hours
- Workforce Demographics
- And more....



Caregiver Ratio: Variation Across the Country



Ratio of caregivers to home care clients by state

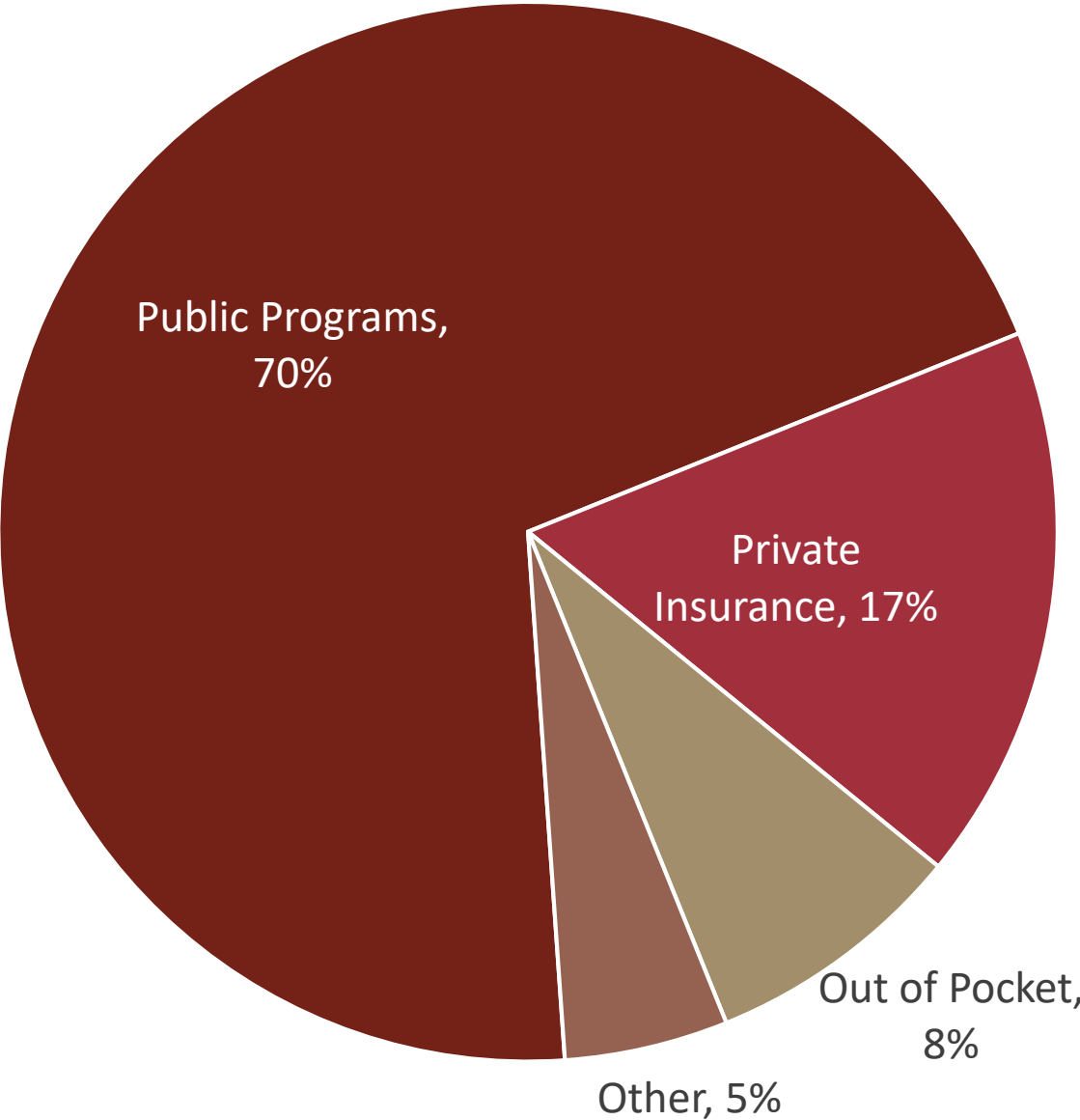
Sources: US Census & Bureau of Labor and Statistics

3: Key Metrics: Payers

Q: How will services be paid for?

- Estimated size of private pay market
- Home care costs as a % of median income of 65+ population
- Share Medicaid Long Term Services and Supports (LTSS) spending devoted to Home and Community Based Services
- Per capita HCBS Spending
- Medicaid Rate flexibility

Home Care Revenue



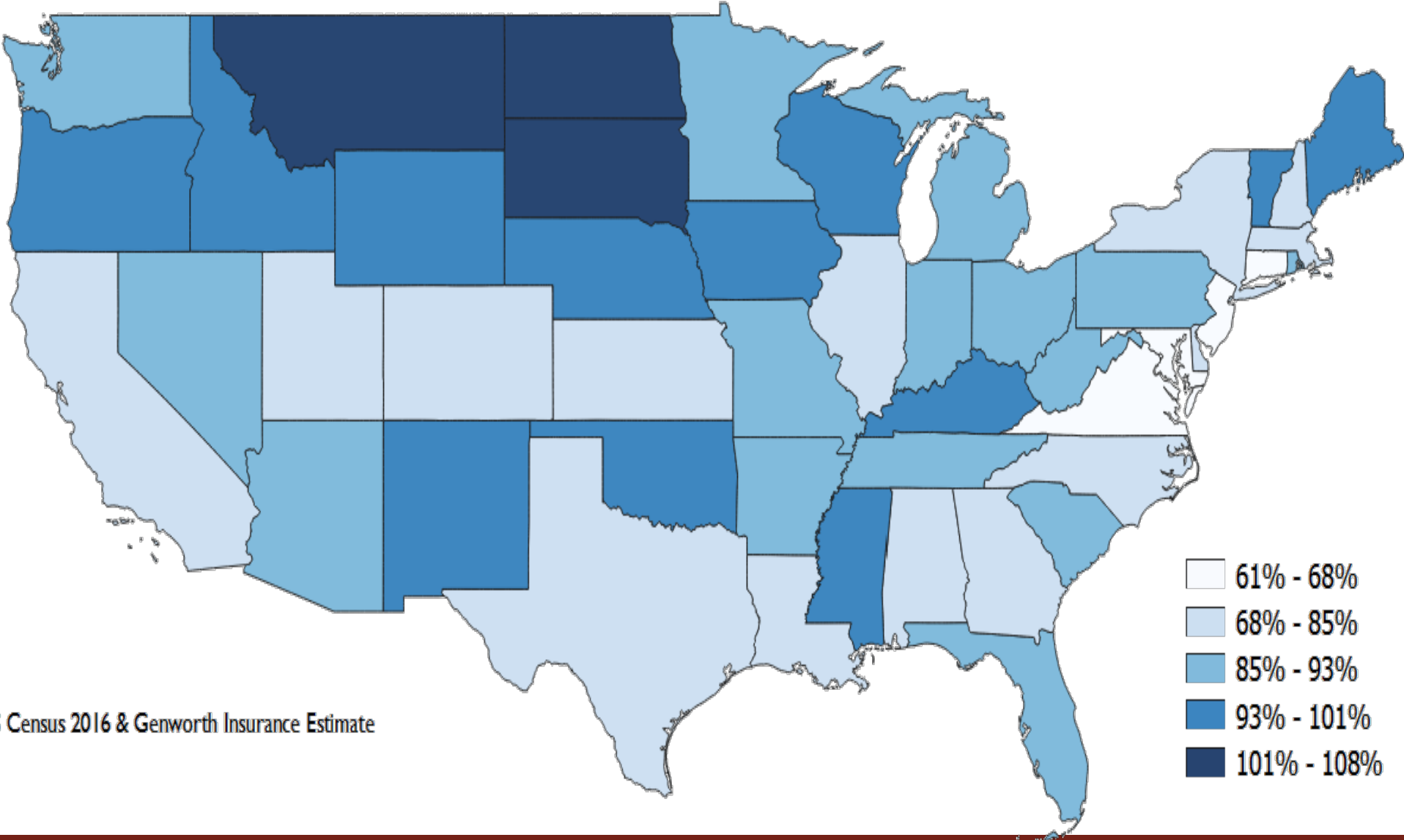
MEDICAID

Average reimbursement rate:
\$13.43--\$18.82/hour

PRIVATE PAY

Home care costs as % of median
income of 65+ population: 119%

Annual Home Care costs as a percentage of state median income.



Source: US Census 2016 & Genworth Insurance Estimate

Private Pay

Forbes



- ✓ *Rapid business growth 18 to 1,000+ hours of service in 1 year,*
- ✓ *2,000 hours expected by end 2017*

Rank	Brand	Description	Total Units (2015)	5-yr Franchisee Continuity Rate %	5-yr. Franchisee Growth Rate %	Average Initial Investment
	Right at Home	Offers in-home care (nursing to companionship) for seniors, disabled	433	90	13	\$104,900
2	Weed Man	Provides lawn-care service; started in Canada, now in U.S. and U.K.	177	94	9	\$76,983
3	Mathnasium Learning Centers	Offers customized math tutoring services, preschool through high school	624	88	23	\$114,180
4	Molly Maid	Offers housecleaning services	470	92	2	\$108,545
5	Express Employment Professionals	Provides staffing services	706	89	5	\$130,000
6	MaidPro	Delivers home cleaning services	195	90	10	\$56,110
7	Comfort Keepers	Offers in-home care and home safety technology for seniors and other adults	669	91	4	\$111,285
8	Just Between Friends	Organizes children's and maternity consignment events	154	85	7	\$33,068
9	BrightStar Care	Provides in-home and senior care	293	79	14	\$133,254
10	Seniors Helping Seniors	Non-medical, in-home services delivered by seniors	278	84	28	\$114,088

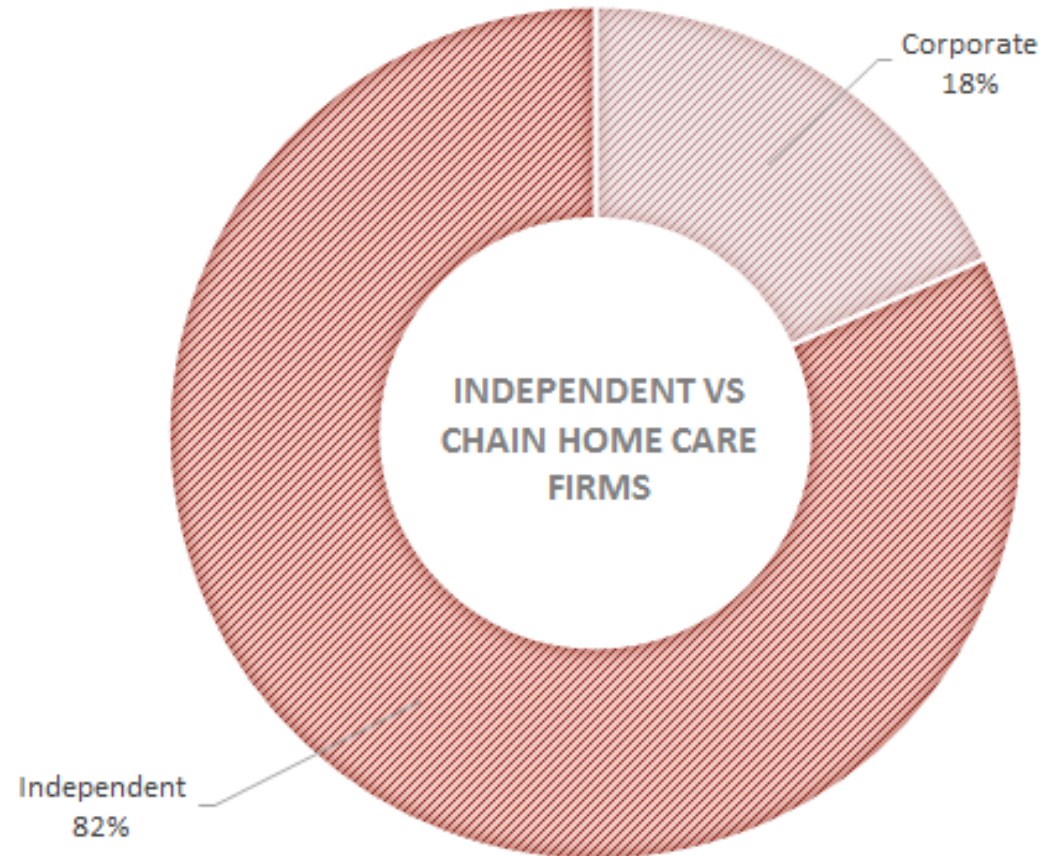
4: Key Metrics: Market Competitiveness

Q. Who are the primary competitors for clients?

- Total % market share of Top 5 Firms
- Largest provider in the state (annual sales)
- Median home care agency sales revenue

Highly Fragmented Industry

Nationally, three largest companies control only 8.7% of the market



41% of Market Controlled
by Top Five Home Care
Firms



New Mexico

14% of Market
Controlled by
Top Five Home
Care Firms

West Virginia

5: Key Metrics: Barriers to Entry

Q: How difficult is it for a new home care agency to enter the market and grow?

- Average sales of home care companies: Rural and Urban
- Scale of service area (as population density)
- Population density: Rural, Suburban, Urban
- Certificate of Need Process / Moratorium

North Carolina





Texas



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Key Takeaways



Significant variations between states, however national trends apply across nearly all states

- Aging population is growing
- Not enough workers to meet demand
- Home care workers are underpaid and undervalued
- Worker turnover is at an all time high
- Medicaid is primary payer, sets low rate standard
- Private pay is more lucrative, but ability to pay is low (particularly over the long term)
- Industry is highly fragmented
- On average, entry into the private pay market is easy, growth is challenging

**#1 Takeaway:
Recruitment**



AHEAD







Recruitment & Retention Strategies

- In recruitment, WHEN and HOW agencies get to workers more important than what you offer workers

Strategic Partnerships

For recruitment of workers and customer pipeline

- Community health institutions
- Assisted living
- Area Agencies on Aging
- Religious institutions
- Workforce Development—seniors, workforce retraining, etc.
- Technical High Schools

Business Line Diversification

- Responsive to local needs/demands
- Home Health Aide Services
- Disease Specialties (dementia, diabetes, etc.)
- Telehealth

Cooperative Opportunity in Home Care

A series of teal-colored silhouettes representing various home care scenarios. From left to right: a person holding a walker, a person in a hat, a person in a hard hat, a person in a uniform, a person in a wheelchair, and a person pointing. The silhouettes are arranged in a slightly overlapping, horizontal line.

TRANSLATING METRICS INTO STRATEGY

Home Care Cooperatives



Legend

Home Care Cooperatives

- Existing
- ◆ Prospective

Leverage Cooperative Differentiators

To recruit and retain workers and increase sales

- Workers are valued and respected
(verbal recognition #1 way workers desire to be recognized by employers)
- Worker-Ownership / Engagement / Voice
- Improved Training / Business & Financial Training / Peer Mentorship
- Guaranteed Hours
- Increased Wages & Benefits
- Career Advancement Opportunities
- Quality Jobs = Higher Quality Care

Transformative Impact Goals

STABILIZE & STRENGTHEN

Build systems to
strengthen existing
cooperatives/
stabilize
operations
Improve job
quality

GROW

Support new
entrants into the
field, ensure these
groups have the
tools necessary to
maximize their
chance of success

SCALE

Support scaling of
strong coops /
acquire and
convert traditional
agencies

Questions



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