HOME HEALTH & HOSPICE

CAN HOME CARE BE UBERED?

Seemingly out of nowhere, the internet is all "a-twitter" about health care providers that appear to be inspired by the ride-sharing upstart Uber.

In urgent care, we have ***Mend*** and ***Remedy***, two recent startups that turn the rapidly growing "Doc in a Box" delivery model into "A PA in your Doorway" where doctors (well, mostly physician assistants and nurse practitioners) come to you in your home or office. Not particularly new, as those of us who grew up with *Leave it to Beaver* and Fizzies may fondly recall – except that now they can be selected, summoned, and paid for via a smart phone application.

And in home care, as you may have seen, we now have ***Hometeam*** and ***Honor,*** two new technology-enabled platforms incubating in San Francisco (of course) that, at the very least, conjure an Uber-like state of mind. [1]

Which begs the question: Can home care be Ubered? [2]

Now, before you chortle "When pigs fly!", consider the litany of untouchables that have been torched by technology: Kodak was left dead for digital, bookstores were ambushed by Amazon, Smith & Corona was whited-out by word processing, National Record Mart was idled by iTunes, and, well… you get the picture.

And then there's the money backing the new home care plays: nearly $40M for Hometeam and $20M for Honor from the likes of Pay Pal founder Max Levchin, former Senator Bob Kerrey (no, not that Kerry, the one from Nebraska), the CEO of Yelp, Jeremy Stoppelman, and even Jessica Alba (Jessica Alba?!).

….which makes you go, hmmmm.

So is the so-called "sharing economy" in a position to steal some home care share?

To gain some insight, we examined those characteristics that give the Uber service model its juice to see if they are transferable to home care.

Uber is Easy to Order. Requesting a ride is pretty simple. But for a broad swath of home care, the sign-offs and documentation necessary to qualify an order sets off a cacophony of phone calls, emails, faxes, and deliveries by Pony Express. Someone will try to make an app for this, but bringing home *The Martian* was probably easier. That said, it fits pretty well with private pay/private insurance home care where required documentation is comparably minimal.

[1] Our analysis of the applicability of the Uber model to home care is not intended to suggest that either Hometeam or Honor are positioning themselves, or operating in such a manner – they may, or may not. Their technology interface and venture capital funding, however, brings to mind the Uber model. Accordingly, this review is intended to evaluate the concept, and is in no way a commentary on either's business practices or prospects.

[2] For the purposes of this edition of marketWATCH, the phrase "home care" is intended to be a generic term covering Medicare certified home health, private insurance and private pay, and Medicaid and state-funded services.

Uber is Easy to Pay For. For the same reasons stated above, the Uber treatment is a poor fit for certified home health and much of state-funded home care. But is it impossible? Well, if you can marry up designated fields from an initial order entry form with patient and physician electronic medical records, we suspect it's theoretically possible (but less likely than Kim Jong-Un going Gangnam Style). Once again, though, it can fit with private pay. As for services covered by private insurance? A challenge, no doubt, but we suspect not insurmountable.

Uber Depends on a Large Pool of Providers. Are there enough caregivers out there that might like the opportunity to work independently, as much, or as little as they would like? Broadly speaking, we suspect the Uber model is particularly well-suited for home care in this regard. Have a free weekend and want to pick up some extra hours? Want to retire, but not completely? Can't find a full-time position yet and need to generate some income? Want to gain some hands-on, practical experience to bolster your qualifications for a traditional, full-time gig? You get the idea.

And They Must Be Easily Vetted. While relying primarily on online license verification and background checks may be adequate to vet a worker driving a car, it seems woefully inadequate for a health care provider. That said, do you test your caregivers, notably your credentialed professionals, to see how they set up an IV or perform specific clinically intensive tasks? Perhaps. But we suspect you rely mostly on, yes, their credentials, as well as their work history and perhaps references (both of which could be added to the enlistment process). A home care provider could also have a placement office in each region to conduct face-to-face reviews. More cumbersome perhaps than Uber, but certainly doable.

Uber Frequently Costs Less Than its Competitors. Except when peak pricing kicks in and passengers are charged 2, 3, 4 and more times the typical rate, Uber has won many of its customers by undercutting traditional taxi rates. Almost assuredly, the reason they can do this is that their drivers are classified as independent contractors, which insulates them from payroll taxes, benefits, and vehicle costs, i.e. gas and maintenance. This practice is being challenged in the courts. However, there is precedent for such a model in home care – nurse registries; the source of much angst for full-blown agencies that must compete with them.

The nurse registry-independent contractor model is not particularly strong in many parts of the country. But it doesn't take a lot to imagine an Uber-like model becoming a catalyst for expansion.[3]

Uber's Services are On Demand (Intermittent). While not an added value, the "sharing" economic model offers little continuity of service (since services are provided by contractors only when ***they*** choose to work, customers will likely encounter many different providers).

And here, we suspect, lies the greatest roadblock toward applying the Uber model to home care.

Continuity of care is critically important to patients and their families. Unlike an Uber ride that likely tops out at an hour, home care services can extend to multiple 8-12 hour shifts. Consequently, you don't have to be "comfortable" with your Uber driver. But you sure do with your caregiver. And once a patient finds someone they like? Well, they would be more likely to give up their remote.

So, can the Uber model, in its current basic form, work in home care?

It's difficult to see how there can be any application to certified home health. The complexities of qualifying, assessing, and billing patients – not to mention the coordination of providers necessary to execute a sound clinical pathway – undermine the model at its core.

The model is far more suited to private duty services, particularly private pay – little to no qualification issues to resolve; simple billing; comparatively large pool of paraprofessionals from which to draw; less complex; non-invasive; more routine services.

But then there's that favorite caregiver issue.

Of course, a home care Uber can try to offer continuity. But then it begins to curb its app-driven flexibility to staff cases, as well as its ability to offer providers the benefit of working if, and when, they choose (which, you know, is kind of the point).

[3] It is worth noting that according to its website, Hometeam classifies its caregivers as employees. What's more, Honor recently announced that it is changing its employee's status from 1099s to employees. With Hometeam's and Honor's billing rates of $20.00 to $27.00 (as reported by *Forbes*) to "beginning at $19.00 per hour" respectively, it doesn't appear, however, that the firms are using price as a market differentiator.

And once the delivery model morphs into repeated, fixed-scheduled, same caregiver assignments, the company begins to look more like a traditional private duty provider.

Perhaps then, the greatest potential value-add that can be taken from the Uber model and applied to home care is a robust, built-from-the-ground-up, technology platform.

A platform that:

1. is **accessible** from multiple devices,
2. **streamlines** the ordering and scheduling process (which seamlessly integrates with calendar software),
3. serves as a **communication hub** between the patient, their caregiver, and family members,
4. **integrates** other tele-health and/or tele-monitoring technologies,
5. and **appeals** to an ever-growing consumer base that prefers to interact with companies online.

That's our story. And we're sticking to it (well, at least for now).

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The Braff Group is the leading health care services mergers and acquisitions advisory firm with a dealmaking team focused exclusively on home health and hospice.

For more than 15 years, we have provided sell-side only transaction services to the home health care, hospice, private duty, and state-funded provider community and have completed more than 70 deals in these segments alone.

With more than 250 transactions completed overall, The Braff Group is ranked #1 in health care mergers & acquisitions.[1]

But we never forget that **your deal** is the one that matters to you.

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[1] Source: Thomson Reuters, based on number of deals between 2008 and 2014.

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