

INDUSTRY SPOTLIGHT HOME HEALTHCARE

CONTENTS

- ① **Introduction**
- ② **Insurance Considerations**
- ③ **Business Mileage Reimbursement**
- ④ **New Technology + Best Practices**
- ⑤ **Conclusion**

INTRODUCTION

The healthcare industry is no longer limited to hospitals and doctors' offices. Providing healthcare services at patients' home is a rapidly growing sector of the industry, as outpatient services continue to be in high demand. In 2016, there were around 37,000 [companies providing home care services](#), and this number is expected to rise to about 46,000 by 2021.

In the past two decades, the number of [persons employed](#) in the home health care field in the United States has almost tripled, with 582,000 workers in 2000, compared to 1,472,000 home care workers employed in 2018.

Number of Home Health workers has increased since 2000.



This includes registered nurses, home care aides, physical therapists, respiratory specialists, and more - all of who travel to patients homes to offer services ranging from administering shots, providing hospice care, or bathing and helping elderly patients out of bed each morning.

Hospitals do not employ home healthcare workers. Instead, they work for independent healthcare companies that are referred by hospitals. The primary duties of these healthcare agencies are to provide essential medical services to patients in their own home, many times after they've been discharged from the hospital. Because these companies are a separate entity from hospitals, their business model has to take into account insurance payouts and how they reimburse their employees who

INSURANCE CONSIDERATION

There are several cases in which patients require continued care after being discharged from the hospital. For instance, if they had hip surgery, they may need a physical therapist to treat them in the comfort of their own home, notably if their recovery prohibits driving for some time. This is one example of when a home healthcare company is needed to provide their services, which are to the benefit of both the hospital and the patient.

However, when taking into consideration the role that insurance plays in each medical scenario, things can get complicated and can have a significant impact on the home healthcare company's bottom line.

For instance, if insurance covers a patient's initial hospital visit and one visit from the home healthcare agency following the surgery, the insurance provider may not cover subsequent visits of a home healthcare agency if the patient has to be re-admitted to the hospital again within 30 days due to the same condition. This would result in decreased payments to the home healthcare company and other potential penalties.



Medicaid normally will cover more for a patient's rehab than a employer-provided insurance plan.

This not only puts added pressure on home health care companies, but they also must consider the type of insurance coverage they are working with on behalf of each patient. It goes without saying that these companies are dependent on insurance payouts to cover their costs and generate revenue.

Typically, government-backed insurance programs like Medicaid will cover more for a patient's rehab than an employer-provided insurance plan would. As home healthcare companies must focus on revenue and cost control, like any other type of business, the difference in insurance payments is an essential factor to consider when determining workers' salaries and benefits, including employee mileage reimbursement.

BUSINESS MILEAGE REIMBURSEMENT

How home healthcare companies reimburse their employees who use their personal car each day to travel to patients' home, is another issue that this industry faces. These home care specialists spend the majority of their work day in the field, traveling from one patient's home to another, and can quickly rack up hundreds of miles per week on their own vehicle.

Standard
Mileage Rate
Per Mile

\$.58

Unfortunately, many home healthcare companies are reimbursing their employees below the [IRS Standard Mileage Rate](#), which for the 2019 tax year is 58 cents per mile. Instead, they are only paying their workers between 25 to 40 cents per mile. This is why business mileage reimbursement for home health workers has become an issue that needs to be addressed.

There are potential problems which can arise if a home healthcare company is not compensating their employees adequately for business miles driven, according to each state's labor regulations.

As the Tax Cuts and Jobs Act removed mileage as a tax deduction, workers can no longer write off those miles, if their total business mileage expense exceeds more than 2 percent of their [adjusted gross income](#). As such, companies that are not reimbursing their home caregivers appropriately may be at risk of violating labor laws or face the possibility of worker lawsuits, as was the case with big-name companies like Uber and Starbucks.

However, offering a mileage reimbursement program that is relative to vehicle and fuel costs in the area the company operates, not only benefits employees, but employers also have much to gain. A home healthcare company that reimburses their workers using the Standard Mileage Rate or more, is in a better position to retain staff and attract new talent to work for the company, rather than one that reimburses less than the standard rate.

NEW BUSINESS TECHNOLOGY

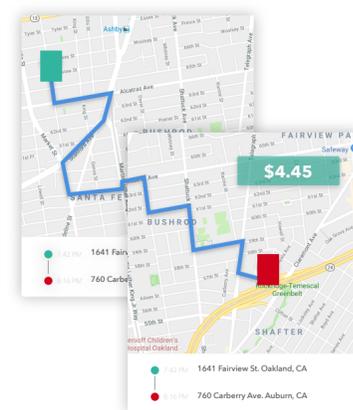
When companies depend on their employees to manually track and report their business mileage expenses, discrepancies between the number of miles reported and what was actually driven, are to be expected. Outdated methods such as handwritten mileage logs and holding onto paper receipts inevitably lead to human error, which results in miscalculations and over- or under-reimbursements to employees.

As home healthcare agencies are dependent on their workers in the field traveling from one patient to the next, this industry is a prime candidate for utilizing mileage tracking technology. Now available in mobile apps, workers can simply swipe left or right for business or personal trips, and their miles will automatically be recorded and saved. It helps companies keep accurate, real-time records on their workers' business mileage, so employees are reimbursed according to reliable GPS data.

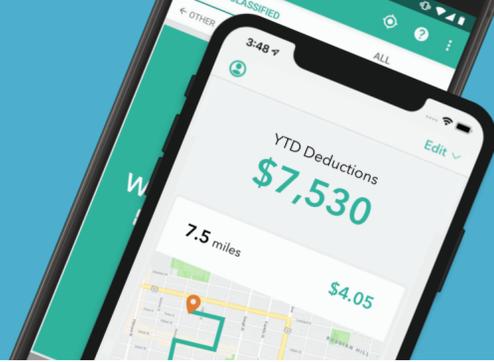
When home healthcare companies have their staff use a [mileage tracking app](#), it also ensures that these expenses are reported to the IRS in compliance with their strict guidelines. Also, employees don't need to spend time [manually recording and reporting their mileage](#), and businesses don't have to go through piles of paperwork collected from their staff.

According to [Everlance](https://www.everlance.com/teams), the top business mileage and expense tracking app, companies that use its service have reported:

- 70%** Average reduction in cost per employee expense report.
- 2 HOURS** Mileage reimbursement time saved per employee per month.
- 85%** Increase in employees submitting more accurate mileage reports.



On the operational side, data collected from these digitized mileage reports produced by automated tracking technology, provides invaluable business insight. Companies can determine which patient visits take the most time, require more attention, an employee's drive routes, daily routines, how much time each mobile worker is spending in their car versus caring for patients, and more. This analysis allows companies to make changes accordingly that can significantly improve worker productivity and maximize the company's profitability.



CONCLUSION

As the need for outpatient care continues to rise, and home healthcare providers are experiencing significant growth, this industry is in the prime position to invest in technology solutions that lead to better business efficiencies.

Having employees use an automated mileage tracking app will undoubtedly save the company valuable time and money. Combined with a fair mileage reimbursement program, this ensures that the company is following a healthy business practice.

Just as advancements in healthcare are continually evolving, so should the way home healthcare companies run their businesses, especially when it comes to balancing insurance payouts, operational costs, and employee reimbursements.

Home healthcare companies are in the business of providing care and need to make sure that their own business needs, and those of their employees, are also being well taken care of.

Need Mileage Tracking?

Save Time

Save Money

Stay Accurate

Contact Us

sales@everlance.com