

Taking the Plunge Into Private Duty - Rewards Are Great, Risks are Present

Food for thought on starting a private pay division for home-health agencies

by Rick Morey, HomeTrak Software

Each month I speak with hundreds of home care entrepreneurs and existing agencies. There is a clear trend emerging within the industry: the demand for private pay homecare services is on the rise. With Medicare and governmental reimbursement levels an uncertainty, businesses within the home health care system are realizing that by implementing a private pay in-home care division, there is a great opportunity for expanded revenue sources. If you are an owner of a home health agency and are interested in adding private duty, then there are a few things to consider before taking the plunge into opening a private duty care agency.

If 2011 holds the promise of private duty for you, there should be a considerable amount of planning and thought before its launch. As someone who works with private duty agencies, and as a former owner, there are distinct differences in success and operational structure from a Medicare certified agency. This article will cover some of those points and provide some food for thought.

Medicare = Regulated | Private Duty = Entrepreneurial

While some of the caregiving services might be overlapping, the mindset of the owner has to completely shift when operating a business for which one pays for services out of pocket. The audience to whom you are selling is completely different. You are offering a set of services that are non-skilled for the most part, and dealing with an entirely new set of caregivers, many who might have a lower level of education and more economic hardships than the group with which you are used to dealing. A private duty business is like starting an entirely separate business within a business. You have most likely been operating in a regulations and reimbursement governed mindset, dealing with federal and/or state oversight agencies, discharge planners, etc. You haven't been listening, educating and solving problems; you've been selling services that are reimbursed and guaranteed to be used when the need arises. If you provide a good, legitimate service done well, some market share is guaranteed.

With private pay, the game changes. To succeed you must have an entrepreneurial approach. It is up to your team to sell these services, seek out new audiences and referral sources, measure marketing methods' effectiveness, etc. You will have much more competition on the private pay side and you will need to learn to practice sound marketing strategy and differentiate. Taking this attitude for your private pay business will set you up for much more potential success.

The first step should be to set up a new company that is separate legally from your Medicare company. Otherwise you may have to follow rigid Medicare regulations that are unnecessary and costly.

Operations/Systems Integration

How do you currently keep track of your patients/direct care staff? Is scheduling done by slotting providers into timeslots, or grouping for skillsets and then geographic proximity? One of the most important parts of planning for private duty is matching the client request for service time with available providers who also match for personality or some softer skill like cooking styles that are familiar.

You need to have a plan for successfully running two separate operations. Software that works for a Medicare certified agency or a Medicaid waiver program might not work at all for private duty. Think about matching each and every caregiver/care provider to a client based on a variety of items that far outweigh a match for just availability and some certification. When you are deciding about what is needed in

software to start a private duty agency look for other characteristics in your platform as well, such as access from anywhere, billing integration, client management and even referral marketing.

Marketing Differently

Another key difference between Medicare certified and the private pay model is who buys services, and thus who is targeted. A very successful model for the private pay side is referral marketing over a very wide range of possibilities, not just the medical system. Determine the best sources for referrals in your area such as connecting with local churches, elder law attorneys, Veterans' offices, senior centers and funeral homes to reach those who might refer for prospective clients at any point when they first need care.

Also keep in mind that private pay services can also be a great compliment when Medicare benefits run out. If you are a Medicare agency already, then you are now a one-stop solution for clients. Make sure to market yourself that way; it will help you stand out!

Finally, remember that private duty clients are often with you for years. Recognize that in each case that may occur and establish personal relationships with each of them.

Starting Over with Policies & Procedures

You may think that you have policies and procedures covered since you have been running a successful home healthcare agency. Because the type of caregiving is different, you will be taking on different types of clients and seeking less skilled and certified caregivers. You can use your current policies/procedures but you need to take a keen eye to them to make certain they address the specific needs of a private pay model. If your current documentation seems to be lacking, you don't necessarily have to create it yourself. There are a number of resources available for purchase that are specifically written for private duty. Simply Google "Start Private Duty" and see what comes up!

Develop a Recruitment and Retention Plan for Caregivers

As with the skilled side, you are only as good as your caregivers, your direct care providers. However, it seems to be more challenging to find good non-medical caregivers. Where many private duty agencies fall down is in planning for caregiver recruitment and retention. Do not treat the private duty staff as though they are "lesser than" the skilled side. They must be respected and provided the tools they need to succeed. Make sure to offer ongoing training/education, caregiver rewards programs, etc. By making an attractive work environment, you will have a larger pool to choose from and a more satisfied caregiver workforce, leading to less turnover and better consistency in staffing.

Network & Learn

Don't assume you know everything because you have operated a successful home health care agency. The one piece of advice I most strongly recommend is to network with other owners who have successfully navigated the addition of private pay services. Join groups and associations dedicated to private duty and soak in as much information as you can. Here are two of the associations available for private duty agencies:

- [National Private Duty Association](#)
- [Private Duty Home Care Association](#)

About the author

Rick Morey has been in the home care industry since 1993. He owned a large home care company in California and Arizona which had annual sales of \$6,000,000. He sold that company to a venture capital company in 2000 and started a new home care company in Las Vegas, NV. Soon thereafter he began HomeTrak, a scheduling & management software platform for the private duty home care industry. Rick is a charter member of the National Private Duty Home Care Association and is currently on the NPDA board of directors. For more information about Rick, please visit www.HomeTrak.com or on Twitter @HomeTrak. Rick also moderates a HomeCare Technology group on Facebook at <http://tinyurl.com/2832547>.