

Access Health and Social Care

Hidden Dynamics: Home Care in Numbers 2019

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Agenda

- Why Access Health and Social Care?
- The study data
- The results
 - Invoice and Pay Rates – margin and costs
 - Visit duration
 - Care provider growth – Outstanding comparisons
 - Financial profile of Outstanding providers: Cause and effect
 - Relationship between invoice rates, pay rates, staff retention and regulator rating

Why Access Health and Social Care?

c7,500+

Registered care locations

Including home care, care homes, nursing, complex, LD, supported living, reablement...

People Planner
Care Planning
Care Compliance
Meds Manager

25+
years experience
in care

£1.8bn+
invoicing processed in
People Planner PA

150m+

**Hours of home care
managed per year**

+30% of
CQC-rated
Outstanding
home care providers
use Access HSC

Manage
200m+
Care home hours
per annum

200,000+
Care workers
rostered with
Access HSC
Software per year

c25% of Social Care
Hours in the UK managed

250,000+
Active recipients of
care managed by
HSC software

The Study Data

Purpose: Validate and inform understanding of the current home care sector for the benefit of care providers and buyers of care, in association with the United Kingdom Homecare Association, and to inform future solution development.

Source: Fully *anonymous* statistical analysis of the UK's largest *subset* of 'real-world' (actually delivered, not just commissioned) rostering, monitoring, pay and billing data, with no traceability to individual providers or groups of providers; *no company identifying or person identifying data*.

Span of Data: Subset of total data, ensuring anonymity; State and privately funded care, small to large providers, single independents to multi-branch groups. All data based on the mean average.

4,710
registered
locations

£1bn
care
invoicing

£549m
carer pay

54m
care visits

179,439
carers

64m
hours of care



Sustainability: Pay and Profitability, the Financial Picture

Invoice and Pay Rates

Recognising care workers: The good news

- The average age of care workers in the dataset is 43 and the data was **captured prior to the latest Minimum Wage rise in April 2019**, therefore the average carer in the dataset should be receiving the National Minimum Wage of £7.83 per hour or above.
- The average hourly pay rate for all State-funded care (**contact time only**) was £8.81
- This is higher than Skills For Care's (MEDIAN: £7.89)

Recognising care providers: The bad news

- The average invoice rate for state funded homecare in England was £16.88 per hour
- This is an increase of 53p from March 2018 (using Access Group data)
- £1.13 per hour below the United Kingdom Homecare Association's recommended 'Minimum Price for Homecare' of £18.01.
- The most common State-funded visit type was 30-minutes in length (64% of all state funded visits), with providers making an average Margin Before Operating Cost of just £1.21 per visit.

1. 'Margin before operating cost' is based on the average invoice rate minus carer pay, travel/wait time pay, National Insurance, holiday pay and pension contributions.
2. Operating costs, include non-care costs and overheads such as pay for care coordinators and staff, rents, utilities, training and development, materials and stationery, and other variable administrative costs.

Invoice and Pay Rates by Region: Excluding Operating Costs

Region	Average bill per hour	Avg. pay per hour of contact time	Avg. travel time pay per hour	Avg. travel distance pay PH	Total inc. pensions, NI etc. deductions	Margin Excluding Operating Costs	avg. % of cost against bill
South West	£18.24	£8.87	£1.61	£1.18	£14.58	£3.66	80%
East Midlands	£15.63	£8.32	£1.19	£0.65	£12.81	£2.82	82%
Yorkshire & the humber	£15.44	£8.06	£1.19	£1.05	£12.88	£2.56	83%
East of England	£16.73	£8.87	£1.57	£0.90	£14.25	£2.48	85%
North East	£15.26	£8.29	£1.44	£0.72	£13.16	£2.10	86%
South East	£19.10	£9.70	£1.92	£1.49	£16.59	£2.51	86%
North West	£16.10	£8.67	£1.61	£0.81	£13.96	£2.14	87%
Greater London	£17.47	£9.48	£1.68	£1.08	£15.35	£2.12	88%
West midlands	£15.04	£8.04	£1.57	£1.11	£13.40	£1.64	89%

Invoice and Pay Rates by Region: Including Operating Cost

Region	Average bill per hour	Total inc. pensions, NI etc. deductions	Margin Excluding Operating Costs	National Average Operating Costs	Assumed Margin including Operating Costs
South West	£18.24	£14.58	£3.66	£4.41	-£0.75
East Midlands	£15.63	£12.81	£2.82	£4.41	-£1.59
Yorkshire & the humber	£15.44	£12.88	£2.56	£4.41	-£1.85
South East	£19.10	£16.59	£2.51	£4.41	-£1.90
East of England	£16.73	£14.25	£2.48	£4.41	-£1.93
North West	£16.10	£13.96	£2.14	£4.41	-£2.27
Greater London	£17.47	£15.35	£2.12	£4.41	-£2.29
North East	£15.26	£13.16	£2.10	£4.41	-£2.31
West midlands	£15.04	£13.40	£1.64	£4.41	-£2.77

The UKHCA estimates business costs, including office staff, premises and utilities, consumables and other overheads and services at **£4.41 per hour** of care.

Actual margin and sustainability further affected by split of visit durations.

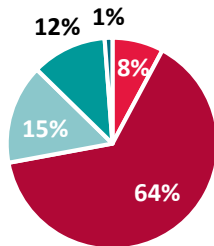
How short visits affect wage costs and margin



Courtesy of United Kingdom Homecare Association

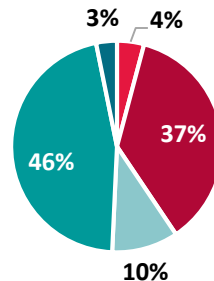
Visit Length: Financial and Quality of Care Impact

Visit durations - State funded and any ratings



■ 15 minute visits ■ 30 minute visits ■ 45 minute visits
■ 60 minute visits ■ Overnight

Visit durations - Privately funded and any ratings



■ 15 minute visits ■ 30 minute visits ■ 45 minute visits
■ 60 minute visits ■ Overnight

- 72% of State-funded visits are 30 minutes or less vs 41% of privately-funded care
- 12% of State-funded visits are 60 minutes vs 46% of privately-funded care
- Shorter visits = more travel/wait time pay per hour of care = lower margins / loss making visits
- No significant price difference for shorter visits (ie. flat fee per aggregate contact hour, regardless of visit length), creating risk to sustainability

Visit length and quality – profile of Outstanding providers

On average, in Outstanding providers, 46.8% of their total **State-funded** visits lasted 60 minutes, while 17% were 30 minutes and 6.3% were 45 minutes

Of all **privately-funded** care visits delivered by Outstanding rated providers, 72% were longer than 30 minutes, whilst in non-Outstanding rated providers' 45% of visits lasted 30 minutes or less

Factors Affecting Financial Sustainability



Invoicing Rates

- State-funded contract rates
- Private-care invoice rates

Visit Duration

- Blend of 15, 30, 45, 60, 60+ minutes

Carer Pay Rates

- Travel time / distance / wait time
- Utilisation
- Agency

Operational Costs

- Recruitment and training / employee churn
- Efficient rostering
- Paperwork and administration

To what extent do these
impact upon or can be
indicators of
quality of care?

(as measured by regulators)

Outstanding invoice and pay rates – removing the private-fund skew

Proportion of visits that are privately funded	Percentage of Outstanding providers
0-5%	0%
5-10%	3%
10-15%	13%
25-30%	3%
40-45%	3%
55-60%	5%
70-75%	8%
75-80%	5%
80-85%	8%
85-90%	26%
90-95%	13%
95-100%	13%

Outstanding and majority state-funded care group

- Average rate of pay per hour for state funded care was £9.32 and their invoice rate was £17.08 per hour, (greater than £8.71 and £16.64 respectively - for the non-Outstanding group).
- Pay rates for most common visit type (30-minutes) was £4.76 (compared to £4.35 for the non-Outstanding group) and the bill rate was £8.62 per visit (compared to £8.31).
- Average employee service length of three years, which was higher than the averages for the non-Outstanding group at 2 years.

Conclusion: Outstanding providers bill and pay more and have longer staff retention, regardless of whether in the private or state-funded sector.

Business Growth: Outstanding Impact

Growth measured for 2018 and 2019, all clients on system since 2016 or earlier



Regional Imbalance?

Higher volume of Outstanding providers in the South East (Data set and CQC) could skew data...

Looking just at those regions where the price of care and pay for care workers is lowest on average, (North East, North West, East Midlands, West Midlands and Yorkshire and The Humber) there is still an average gap of 27p in care worker pay and £1.98 in invoice rates per hour, in favour of providers rated CQC Outstanding.

Invoice, Pay and CQC Rating Impact on Staff: Carer Retention

Providers with an average carer length of service greater than 3 years (3.9 years average)

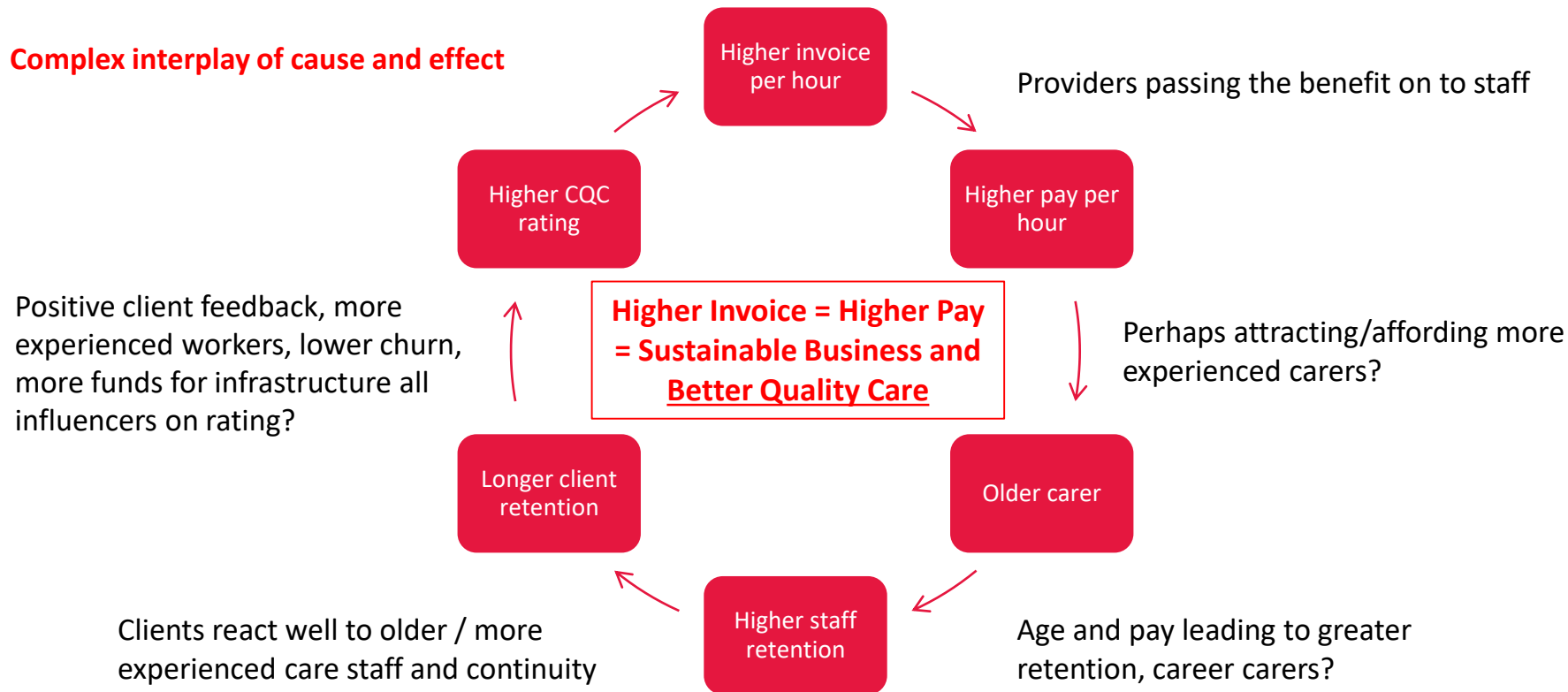
- Invoice 94p more per hour of State-funded care
- Pay 49p more per hour of State-funded care
- Regardless of rating

Compared to providers with average carer length of service less than 3 years (1.5 years average)

Conclusion: the positive relationship between rate of state funding, rate of carer pay and rate of carer retention is consistent regardless of CQC rating, suggesting invoicing more to pay more does impact carer retention.

Age, Pay, Rating and Retention: Positive Relationship

Complex interplay of cause and effect



Thank You

