



## **‘We Can’t Sustain the Losses’: Nonprofit Home Health Providers Strategize To Survive Rise Of Medicare Advantage**

By [Audrie Martin](#) | June 4, 2025

As Medicare Advantage (MA) continues its rapid rise, nonprofit home health care companies are grappling with unsustainable reimbursement rates, with some forced to walk away from specific care plans.

Nonprofit home-based care providers are increasingly struggling to absorb the financial losses associated with Medicare Advantage (MA) plans, which now cover the majority of Medicare beneficiaries nationwide. Unlike larger, for-profit organizations with scale and negotiating leverage, many nonprofits lack the resources to negotiate with payers to increase reimbursement rates. As a result, they are reevaluating payer relationships, leveraging community support and exploring innovative operational strategies to remain financially viable while serving vulnerable populations.

“A few payers reimburse us at the Medicare fee-for-service rates, but some do not cover our costs. We no longer have Medicare excess to offset the losses from those plans,” Care Central VNA & Hospice CEO Holly Chaffee told Home Health Care News. “It’s challenging to stay afloat when MA plans are not covering the costs of your patients.”

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Based in Gardner, Massachusetts, Care Central VNA & Hospice Inc. offers a comprehensive range of services, including skilled nursing, rehabilitation therapy and medical social work.

As of 2024, 32.8 million people were enrolled in a MA plan, representing 54% of the eligible Medicare population, according to [data](#) from KFF.

Care Central’s patient population is comprised of approximately 43% Medicare and 57% MA, according to Chaffee.

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Increasing MA penetration is compounded by struggles to negotiate with health plans.

“Publicly traded businesses have competencies and teams dedicated to negotiating with payers,” Visiting Nurse Health System, Atlanta, CEO Dorothy Davis told HHCN. “That takes

scale to get in the door. How does a provider like Visiting Nurse even get enough attention to have a meaningful conversation with a payer?”

Founded in 1948, the Visiting Nurse Health System provides solutions for health care and aging at home, caring for more than 15,000 patients each year across 57 counties.

Chaffee noted that, as a result of low rates, some home-based care agencies have terminated contracts with MA plans due to low reimbursement rates.

“We are in a network of freestanding (visiting nurse association) [VNAs], and this network does our contract negotiation,” she said. “We have gotten to the point where we are terminating care for patients under certain plans because we can no longer sustain the losses that we are having because [payers] are not reimbursing us appropriately or effectively covering our costs.”

Likewise, even for-profit agencies like New Day Healthcare have had to walk away from some payers due to unfavorable agreements.

“We have walked away, in specific states, from payers and Medicare Advantage groups because of rates and the inability to raise those rates and pre-authorization terms,” G. Scott Herman, CEO of New Day Healthcare, told HHCN in [May](#).

Fairview, Texas-based New Day Healthcare has about 33 locations across Texas, Kansas, Illinois and Missouri. The company offers home-based care services, including home health care, personal care services and hospice. It serves nearly 150,000 patients annually.

### **Nonprofit sustainability**

Lower payer reimbursement rates are among the contributing factors to permanent closures in the the home health and post-acute care sectors, according to [a report](#) by Stoneridge Partners.

“We’ve seen more and more nonprofits going out of business or selling,” Davis said.

According to Chaffee, federal assistance is needed to provide relief for nonprofit providers.

“The federal government needs to step in with these insurance companies, even state by state, and tell them to cover [our] costs,” Chaffee said. “They need to pay at least what Medicare is paying. If they don’t do that, we won’t be sustainable. We’re not asking to make a big profit; we’re asking to help us meet our margins so that we can continue to do business.”

However, Chaffee stated that for-profit providers who only accept Medicare will be forced to question their sustainability in the future.

“In Massachusetts, 60% is Medicare Advantage; it’s no longer a 50/50 thing,” she said. “If they’re only going to take Medicare, they’re the ones who are going to have a problem because Medicare is going to go away eventually. We are the ones taking these plans and developing innovative payment systems, collaborating with accountable care organizations and examining different quality metrics to ensure sustainability.”

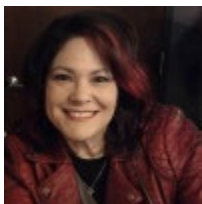
In addition to being selective with payer relationships, some organizations are employing creative methods to balance financial pressures, including using artificial intelligence (AI) in documentation and streamlining processes to enhance effectiveness.

Davis said community engagement is also a big part of helping her organization stay afloat. Through active conversations with donors and institutional philanthropy investors, she says she measures the pulse of what these investors are looking for by constantly asking, “What does the community need from Visiting Nurse?”

“From a community-based partner perspective, when we look at strategy, we look at our mission – what are we here to do?” she said. “Our community-based relationships are critical. When we partner with health systems, they often want us to take all their patients, which makes community relationships challenging because the relationship is now more driven by payment and institutional structures designed to restrict care than by true partnership.”

#### **Companies featured in this article:**

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Audrie Bretl Martin is an Illinois-based communicator and a lover of all things pop culture. She has written for various types of industries including travel, health care and manufacturing since 1999. Her personal interests include true crime documentaries, horror movies and traveling.

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