Celayix

Utilization Rate: The Metric That's Making Care Providers Sweat

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In today's hospice and home care industry, utilization rate has become a make-or-break metric: the number that signals whether you can compete against, or attract, private equity (PE) firms. With demand for in-home care and hospice services at an all-time high, providers are expanding their service lines and integrating palliative care earlier in the patient journey to address chronic conditions head-on. They're also turning to telehealth platforms and remote monitoring technologies to enhance end-of-life care and support.

These pressures are pushing organizations to invest heavily in technology and retain skilled staff...all without compromising financial stability or care quality. But in this race toward efficiency, could care teams be quietly sacrificing service quality and their own future? **Your utilization rate might hold the answer.**

Chapter 1: What is Utilization Rate?

Utilization rate measures the percentage of your available work time that's spent on billable or assigned care responsibilities. In other words, the hands-on work you're there to do for clients or patients — compared to the time spent on non-case work like admin tasks, HR paperwork, logging hours, or dealing with scheduling and logistics.

For example:

- If you work **40 hours a week** and **36** of them are on direct client care, your utilization rate is **90%**.
- The remaining **10%** is everything else: charting, internal meetings, troubleshooting scheduling, reporting, compliance checks, even dealing with your own timecards.

WHY UTILIZATION RATE IS IMPORTANT TO UNDERSTAND

For MCOs (Managed Care Organizations)

Operational Efficiency

Utilization rate is one of the clearest indicators of whether staffing levels match the workload. If utilization is too low, it can suggest overstaffing or inefficient scheduling. If it's consistently too (e.g., above 90–95%), it often means staff are stretched too thin, which can result in lower care quality and higher turnover.

Financial Sustainability

Many MCOs operate under value-based care or capitated payment models, where revenue depends on efficiently managing case loads. A high utilization rate tied to billable services directly supports revenue targets, while too too much unbillable time erodes margins.

Quality Metrics

Accreditation bodies like National Committee for Quality Assurance (NCQA) and state regulators often monitor caseload size, contact frequency, and case management effectiveness. Poor utilization tracking can mask overworked staff, leading to reduced patient engagement and poorer clinical outcomes, which can ultimately affect star ratings and funding.

Forecasting & Resource Allocation

Utilization data helps plan staffing, manage seasonal spikes (e.g., flu season), and forecast hiring needs, reducing the risk of last-minute staffing crises.

WHY UTILIZATION RATE IS IMPORTANT TO UNDERSTAND

For Nurse Practitioners & Caregivers

Time Pressure & Burnout Prevention

A study published in the National Library of Health in 2024 shows that when care providers more than 80–85% of their time in direct care without adequate admin or recovery time, rates of burnout, medical error, and turnover increase significantly.

Hidden Workload

*Many clinicians find that "non-case work" (charting, HR forms, scheduling, chasing approvals, dealing with logistics) can consume **2–4 hours a day**. Without utilization tracking, leadership may not see how much time these tasks actually take, which makes it harder to advocate for workflow improvements or support staff.*

Patient Care Quality

Rushed patient interactions due to unrealistic utilization expectations can result in missed symptoms, inadequate education, and lower patient satisfaction scores. All of which have downstream effects on health outcomes and organizational reputation.

Professional Advocacy

By understanding and documenting utilization, providers can make data-backed requests for additional resources, process changes, or adjustments to performance expectations.

Both MCO leadership and frontline care providers benefit when utilization is understood and managed realistically. For leadership, it's a vital operational and financial KPI. For practitioners and caregivers, it's a reflection of the balance (or imbalance) between direct care and everything else that's required to make that care possible. The danger is when utilization becomes purely a number to hit, instead of a balanced measure that protects both the financial health of the organization and the well-being of the workforce.

LEVERAGING SCHEDULING TOOLS TO ELEVATE UTILIZATION

A compelling real-world example comes from **Four Seasons Healthcare**, a home care provider in **Pennsylvania** and **Delaware**. Facing industry challenges—especially caregiver turnover—the company partnered with Celayix, adopting their smart scheduling and time & attendance platform to support caregivers, improve morale, and drive operational excellence.

- **Caregiver autonomy & satisfaction:** Through a self-scheduling mobile app, caregivers choose shifts that suit their availability, work-life balance improves, and overtime becomes both flexible and manageable.

"Rather than having one scheduler, you have dozens of schedulers because the caregivers are doing the scheduling." - Richard Koster, CEO

- **Operational efficiency & retention:** They found that the more hours caregivers worked, the more likely they were to stay, a reflection of both utilization and job satisfaction.

- **Tracking utilization and punctuality as strategic differentiators**: Four Seasons uses Celayix's reporting to publish metrics such as punctuality rate, attendance rate, and utilization rate every month. The punctuality KPI, targeting 85%, serves as *"a really good proxy for how good the care is."*

This case illustrates how proactively managing utilization with caregiver-centric strategies can align compassion and performance. By leveraging scheduling autonomy and real-time KPI tracking, **Four Seasons Healthcare** gained a competitive edge, better retention, and a compelling narrative for acquisitions and growth.

PRIVATE EQUITY'S GROWING ROLE IN HOSPICE & HOME HEALTH — AND WHY UTILIZATION RATE MATTERS MORE THAN EVER

Hospice and home health are no longer quiet corners of healthcare. As **Anna Elliott, CM&AA at VERTESS, points out in her detailed 2025** market overview, demographic shifts, technology adoption, and a reinvigorated M&A climate are propelling these sectors into a period of rapid transformation. Behind much of this momentum are private equity (PE) firms, who see the combination of stable cash flows, fragmented competition, and high demand as a rare opportunity for growth.

But for owners and operators in this space, especially those considering a sale, there's a critical piece of the puzzle that often gets overlooked in the headlines about billion-dollar funds and industry consolidation: utilization rate. In the eyes of both strategic buyers and PE investors, it's one of the most telling indicators of an organization's operational efficiency and revenue potential.

What PE Firms Are Really Doing in Hospice & Home Health

Private equity's playbook in healthcare isn't just about buying companies, it's about scaling them strategically to maximize value before an eventual exit, often within a 3–7 year window. In hospice and home health, PE firms are pursuing a mix of tactics:

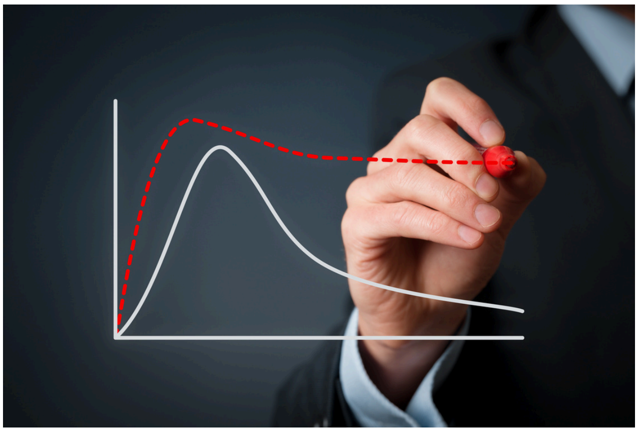
1. **Platform Building** – Acquiring a well-run agency with strong fundamentals (good leadership, solid compliance, positive patient outcomes) and then adding "bolt-on" acquisitions to expand geography or service lines.
2. **Technology Integration** – Implementing telehealth, AI-driven care coordination, and advanced analytics to reduce overhead, improve outcomes, and strengthen payer relationships.
3. **Operational Standardization** – Streamlining back-office functions, harmonizing policies, and tightening KPIs across acquired locations.
4. **Payer Negotiation Leverage** – Using scale to secure better reimbursement rates, especially from Medicare Advantage plans, which typically reimburse lower than traditional Medicare.

WHY HOSPICE AND HOME HEALTH? FROM AN INVESTOR'S PERSPECTIVE, THEY COMBINE:

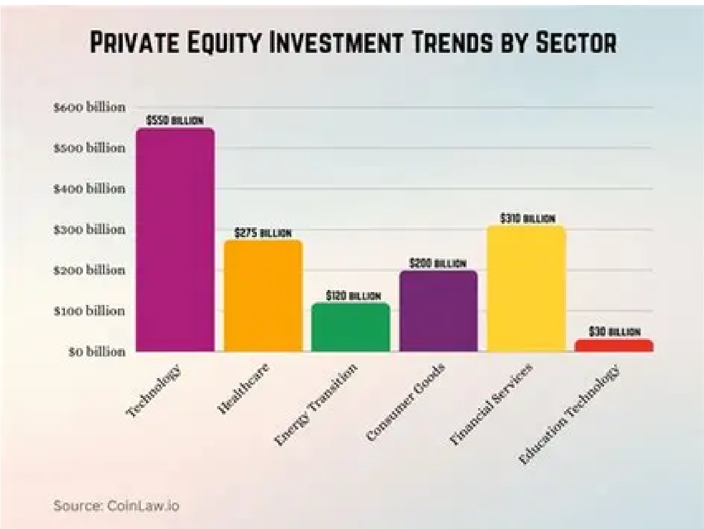
PREDICTABLE DEMAND (DRIVEN BY AGING POPULATIONS AND PREFERENCE FOR HOME-BASED CARE)

RECESSION RESILIENCE (CARE NEEDS PERSIST REGARDLESS OF ECONOMIC CYCLES)

OPPORTUNITY FOR EFFICIENCY GAINS (MANY SMALLER AGENCIES STILL LACK ADVANCED TECH OR OPTIMIZED PROCESSES)



PE Firms investment by Industry



This is why Elliott's observation that strategic buyers are increasingly outbid by PE firms in 2025 is significant: it reflects just how aggressively PE sees value here, and how much capital is available to move fast.

How M&A Shapes the Industry's Future

The PE influx is accelerating consolidation in an already fragmented market. Larger, tech-enabled providers are pulling ahead, while smaller agencies without scale or capital face mounting pressures from workforce shortages, rising compliance demands, and reimbursement challenges.

From Elliott's analysis — and reinforced by insights from events like Home Care 100 — the acquisition priorities are clear:

- **Scalability** – Can the agency's model work at double the size?
- **Technology adoption** – Is there infrastructure for remote monitoring, AI scheduling, or predictive analytics?
- **Workforce resilience** – Are staffing levels and retention rates sustainable in a competitive labor market?

But there's a less glamorous, yet equally critical, metric that's quietly influencing valuations and deal negotiations: utilization rate.
A high utilization rate means most of the workforce's time directly generates revenue, a direct indicator of operational efficiency. For PE firms and other acquirers, this translates into:

1

Higher EBITDA Potential

More billable hours = stronger revenue per Full Time Equivalent or FTE

2

Better Scalability

Efficient processes can be replicated across acquisitions

3

Lower Operational Risk

Utilization is often a proxy for good workflow design and resource allocation

Chapter 2: Why Investors Care About Utilization Rate

From a valuation perspective, utilization rate helps answer the question: If we buy this business, how much revenue can we produce per staff hour — and can we improve that?

In due diligence, investors will:

- Compare utilization against industry benchmarks (often **85–95%** for optimal balance)
- Identify inefficiencies (e.g., excessive travel time between patients, redundant documentation requirements)
- Model the impact of raising utilization even slightly — for example, improving from **88% to 92% across 50 nurses** could translate to **hundreds of additional billable visits per month.**

For owners, understanding and tracking utilization before entering M&A talks is critical. If your utilization is low, it can signal inefficiencies that depress valuation. If it's high but sustainable (without burning out staff), it's a selling point that supports premium pricing.

$$\text{IDEAL EMPLOYEE UTILIZATION RATE} = \frac{\text{(RESOURCE COST + OVERHEAD + PROFIT MARGIN)}}{\text{TOTAL AVAILABLE HOURS}} \times 100$$

Key Performance Indicators for Home Care Scheduling and Employee Utilization

Total Patient Count, Hours, Visits/Shifts

These KPIs represent the total number of patients receiving services from the agency, the number of hours for the services, and the number of visits/shifts for the services for a given period, usually a month or year.

Revenue per Employee, Hour, Visit/Shift

Revenue (Charge) per employee is calculated by taking the total revenue for a period and dividing it by the number of employees providing services in the same period. Revenue per employee hour is the average revenue per employee hour in a given period. Revenue per employee visit/shift is the average revenue per employee visit/shift.

Total Employee Count, Hours, Visits/Shifts

These KPIs represent the total number of employees providing services, employee hours, and employee visits/shifts for a given period, usually a month or year.

Cost per Patient, Hour, Visit/Shift

Cost per patient is calculated by taking the total payroll cost and burden for a period and dividing it by the number of patients receiving service in the same period. Cost per hour is the average cost (payroll and burden) per hour in a given period. Cost per visit/shift is the average cost (payroll and burden) per visit/shift.

Hours and Visits/Shifts per Patient

Hours Per Patient is the average number of hours of service per patient provided in a given period. Visits/Shifts per patient is the average number of visits/shifts per patient in a given period.

Cost per Employee, Hour, Visit/Shift

Cost per employee is calculated by taking the total payroll cost and burden for a period and dividing it by the number of employees providing service in the same period. Cost per employee hour is the average cost (payroll and burden) per employee hour in a given period. Cost per employee visit/shift is the average employee cost (payroll and burden) per visit/shift.

Hours and Visits/Shifts per Employee

Hours Per Employee is the average number of hours of service per employee provided in a given period. Visits/Shifts per employee is the average number of visits/shifts per employee in a given period.

Missed or Canceled Visits/Shifts and Hours

Missed or Cancelled Visits/Shifts and Hours are defined as the number of missed or canceled visits and the hours for a period.

Revenue per Patient, Hour, Visit/Shift

Revenue (Charge) per patient is calculated by taking the total revenue for a period and dividing it by the number of patients receiving services in the same period. Revenue per hour is the average revenue per hour in a given period. Revenue per visit/shift is the average revenue per visit/shift.

Uncovered Visits/Shifts and Hours

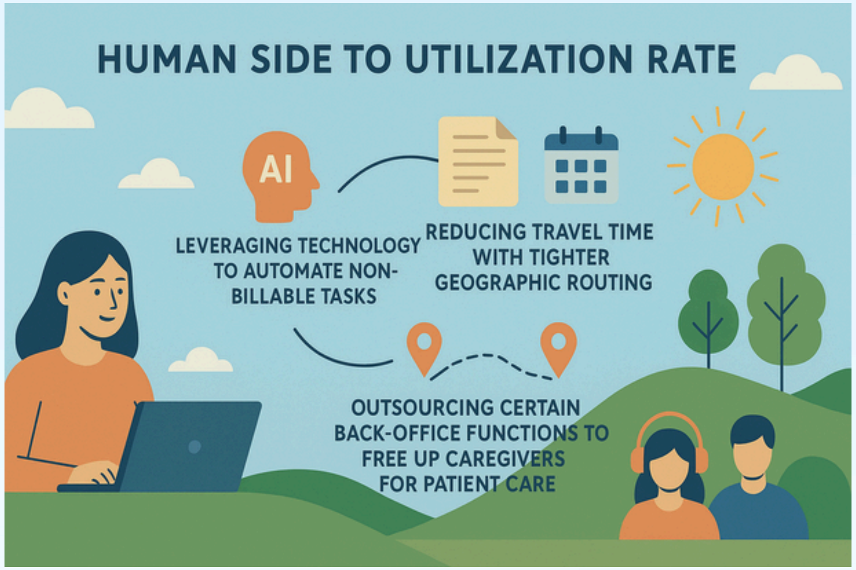
Uncovered shifts/visits are the open shifts home care agencies cannot fill due to a lack of available employees.

The Human Side of Utilization

While investors view utilization through a financial lens, frontline staff experience it as workload. Elliott's broader point about workforce shortages underscores a tension here: **pushing utilization too high can risk burnout, errors, and turnover.**

Smart PE-backed operators balance this by:

- **Leveraging technology** to automate non-billable tasks (e.g., AI-assisted documentation, centralized scheduling)
- **Reducing travel time** with tighter geographic routing
- **Outsourcing certain back-office functions** to free up caregivers for patient care



This is where operational changes post-acquisition can have a real impact, not just on margins, but on staff satisfaction and retention, which in turn protect the long-term value of the investment.

Chapter 3: How to Improve Utilization Rate Like a Pro

(From the desk of an operations leader)

If you've ever sat in a Monday morning meeting staring at a utilization rate that doesn't match your gut feeling, you know the sinking sense of, ***"Okay, but why?"*** Numbers alone don't tell the story. The real operational challenge — the one that keeps leaders like **Richard Koster** at **Four Seasons Healthcare** sharp — is tracing the root cause before it becomes a pattern.

From our experience, three major forces can quietly drag your utilization rate down: **shift coverage gaps, compliance and scheduling laws, and employee burnout**. Here's how we tackle them in a way that allows us to walk into any meeting with a clear, confident explanation — and an action plan.

1. Map Your Coverage Gaps Before They Happen

It's easy to see coverage issues after a shift is missed. The trick is spotting where and when those gaps will appear — before they actually appear.

- **Use forecast scheduling:** Historical shift data is your best friend. Look for recurring problem spots (Friday nights, holiday weekends, specific client sites).
- **Create a bench of float staff:** Even the best rosters fail if you don't have pre-vetted, trained people ready to jump in.
- **Monitor call-out trends**: A spike in last-minute absences from a specific team or location is rarely random — it's a signal of deeper dissatisfaction or overwork.

💡 *Fact: In healthcare, nurses with shifts greater than 13 hours had over double the risk for burnout and job dissatisfaction.*

2. Turn Compliance from a Roadblock into a Strength

Compliance laws — whether tied to maximum shift lengths, mandatory breaks, or overtime limits — can feel like they're working against you. In reality, when you bake compliance into scheduling from the start, you remove a major source of operational drag.

- **Know your local laws cold**: In Canada, for example, exceeding the maximum allowed weekly hours not only risks fines but can void insurance coverage in high-risk industries.
- **Leverage automation:** Scheduling software like Celayix flags potential compliance issues in real time so you're not cleaning up after violations.
- **Align with HR early:** Compliance isn't just legal, it's cultural. If your HR team is looped in on scheduling changes, you reduce employee friction and boost satisfaction.

📊 *Reality check: Non-compliance fines in industries like healthcare can reach up to $10,000 per incident. Avoiding even one violation can pay for months of optimized scheduling tools.*

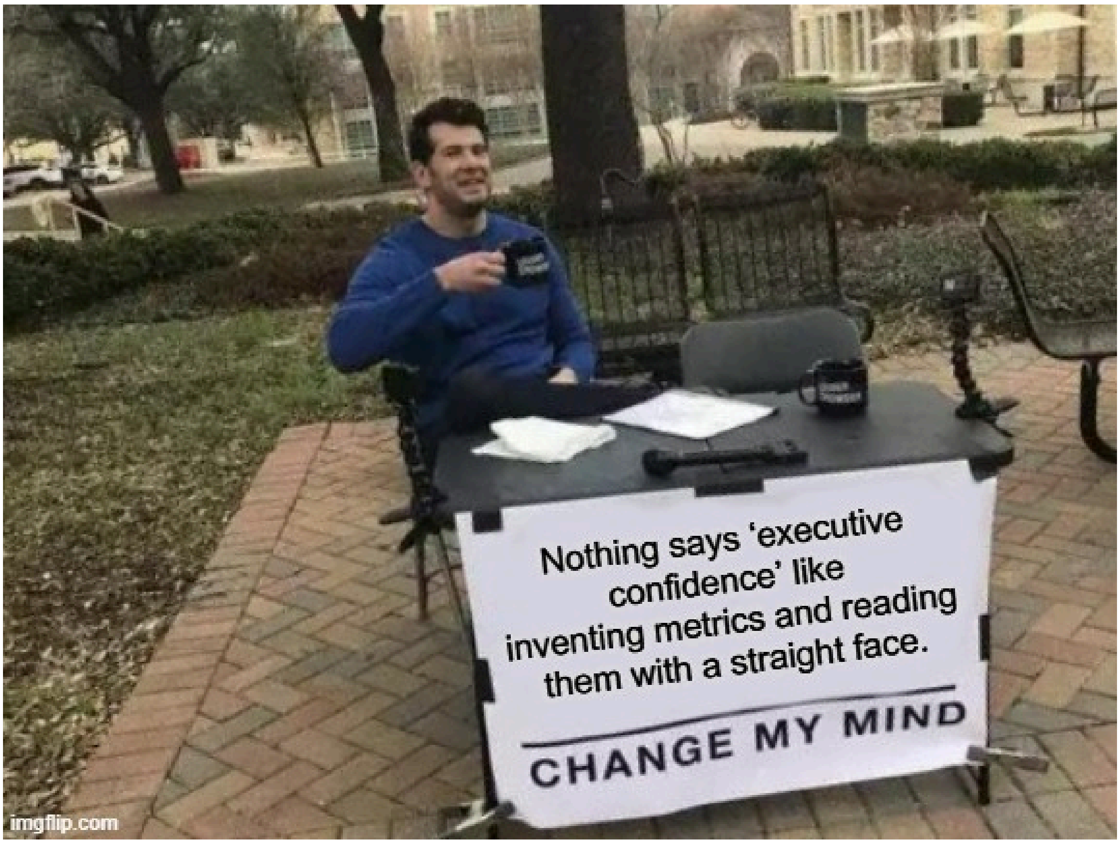
3. Fight Burnout Before It Tanks Productivity

Burnout is sneaky. By the time it shows up in sick days or resignations, your utilization rate has already taken a hit.

- **Audit overtime patterns:** A staff member regularly logging 60+ hours a week isn't just overworked, they're a future absence waiting to happen.
- **Rotate high-stress assignments**: In healthcare, rotating difficult patient care duties spreads the emotional load and improves retention.
- **Ask, don't assume:** A quarterly anonymous survey about workload and morale can reveal blind spots you'll never catch in utilization metrics alone.

🔍 *Observation: Studies show that around 42% of workers feel burnout, which can slash productivity by up to 40%, a far bigger operational threat than occasional coverage gaps.*

Walking Into That Monday Meeting



When you've done this work: **mapping gaps, embedding compliance, and protecting your people**. You can walk into your Monday meeting not just saying, ***"Utilization is at 84%,"*** but explaining:

> *"Coverage gaps accounted for 6% of last week's dip, compliance adjustments for 3%, and burnout-related absenteeism for the remaining 7%. Here's what we've already changed to address each."*

That's the difference between an operations leader who reacts to the numbers... and one who drives them.

Bottom Line:

Utilization as a Bridge Between Care and Capital

The hospice and home health sectors are poised for continued growth in 2025 and beyond, with PE firms leading a wave of consolidation, tech adoption, and operational optimization. Elliott's analysis shows that demographic demand, regulatory shifts, and capital availability are aligning to create a uniquely active deal environment.

In that environment, utilization rate is more than an internal performance metric…it's a **bridge between frontline care realities and the financial logic of investment**. For operators eyeing a sale, it can be the difference between a good valuation and a great one. For investors, it's a window into how efficiently a company turns hours into outcomes — and ultimately, into returns.

As the market evolves, those who can balance utilization for efficiency and sustainability will not only attract capital but will also preserve the quality of care that makes hospice and home health such vital parts of the healthcare continuum.