Post-Acute Care

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Webinar
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Topics for Discussion

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- Background
  - What Is Post-Acute Care?
    - Lexicon
    - Levels of Care
  - Why Focus on Post-Acute Care?
    - Emerging PAC Trends
      - Utilization & Cost
      - Quality
- Two Perspectives
  - PAC Organizations
    - Operational and Financial Performance
    - Becoming Partner of Choice
  - Hospitals/Health Plans/ACOs
    - PAC Strategy
    - Collaborative Partnerships
    - "SNFist" Model

What Is Post-Acute Care?

Post-Acute Care Lexicon

Acronym	Term	Relative Cost
IRF	Inpatient Rehabilitation Facility	$$$$
SNF	Skilled Nursing Facility	$$$
LTAC/LTACH	Long-Term Acute Care/Long-Term Acute Care Hospital	$$$
HHA	Home Health Agency	$$

Post-Acute Care Levels of Care

Skilled Nursing Facility	Cares for medically complex and rehabilitation patients and long-term care residents
Inpatient Rehab Facility	Provides comprehensive rehabilitation services
	60% rule has shifted patient population from orthopedic to neurological patients
Home Health Agency	Provides short-term clinical support and education to rehab and chronically ill patients
	Goal is to teach patients to be independent and manage their own care
Long-Term Acute Care Hospital	Serves patients needing ongoing acute care level services, LOS typically exceeds 25 days
	Ventilator, wound care are primary services but patient population is diverse

Audience Polling Question

- Do you currently own and/or operate post-acute care assets?
  - ❑ Yes
  - ❑ No
  - ❑ Under consideration

Why Focus on Post-Acute Care?

Emerging Trends in Post-Acute Care

Increasing national focus on PAC cost, utilization, and quality

Impact of value-based reimbursement

- CMS and commercial payer bundled payment arrangements
- CMS SNF Value-Based Purchasing Program

Post-Acute Medicine - participating in the Medical Neighborhood

Partnerships with hospital systems, health plans, ACOs

- Preferred SNF provider networks
- Quality and utilization performance metrics: LOS and readmit rates

CMS Bundled Payment Initiatives Update

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Bundled Payments for Care Improvement (BPCI)	Comprehensive Care for Joint Replacement Model (CJR)
• CMS implemented BPCI initiative in 2013, offering four broadly defined model options • Models 2 & 3 include post-acute care in the defined episode of care options • BPCI Phase 2 will be extended until September 30, 2018 for Models 2,3, and 4 awardees who choose to extend their participation	• Orthopedic Bundled Payment initiative focusing on Total Hip and Total Knee Replacement surgeries • Includes 90 day period post hospital discharge as component of the defined episode of care • Participating hospitals financially accountable for cost and quality of the episode of care • Original program was mandatory; recent final rule reduces the number of mandated participants from 67 geographic areas to 34 • Permits formerly mandatory participants to continue on voluntary basis

Cost and Utilization

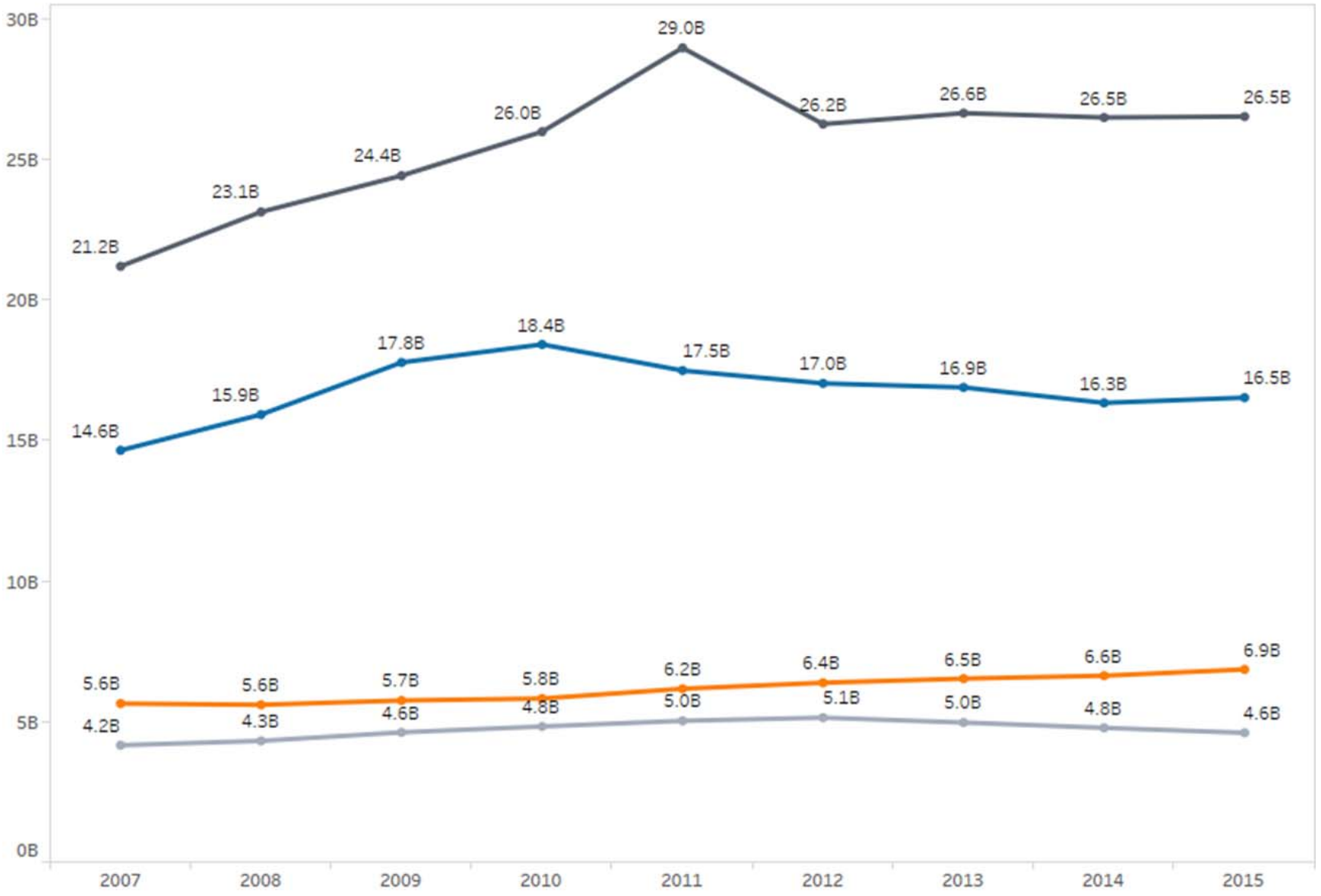
Passage of the ACA in 2010 heightened focus on the Triple Aim of improving patient experience of care, improving population health, and reducing per capita costs of healthcare

An Institute of Medicine report in 2013 identified PAC as the source of **73% of the variation** in healthcare spending, significantly increasing attention to the post-acute sector

The September 2017 MedPAC report to Congress found that PAC had the **greatest cost variation among all sectors**, when compared to acute care and ambulatory care

Between 2007 and 2015, Medicare program payments to PAC providers increased from $45.6 billion to **$54.5 billion**

Medicare Spending on PAC by Sector in Billions



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Skilled Nursing Facilities
Home Health Agencies
Inpatient Rehab Facilities
Long-term Care Hospitals

Source:CMS Geographic Variation Public Use File-Actual Costs

Medicare Spending per Beneficiary - National

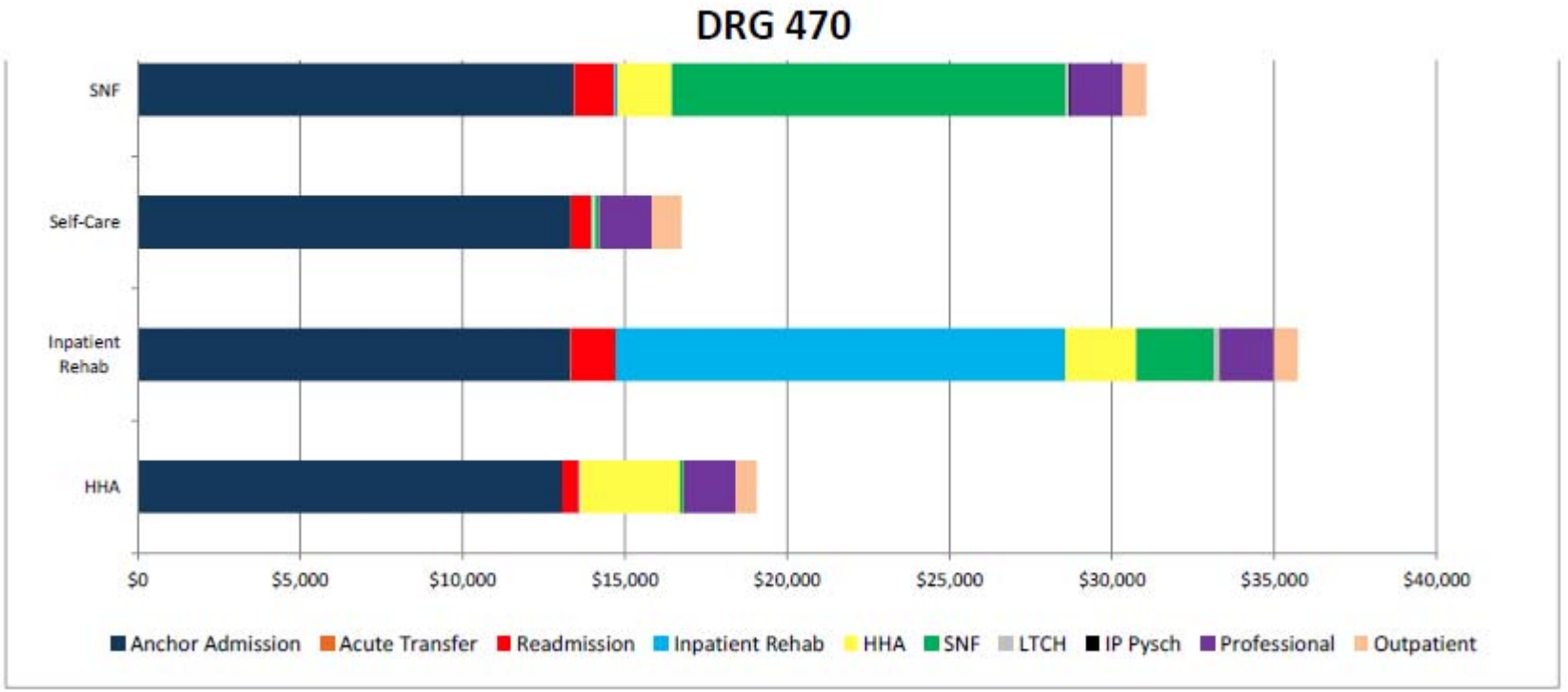
Period	Highest (NJ)	Average (US)	Lowest (OR)
1–3 Days Before Admission	$239	$252	$224
During Index Hospitalization	$10,017	$10,122	$10,945
1–30 Days After Discharge	$9,508	$7,984	$5,844
Complete Episode	$19,764	$18,358	$17,013
Percent Post-Acute Spend	48.1%	43.5%	34.4%

Source: Medicare. Medicare hospital spending by claim web page. Accessed July 21, 2014.

Average Episode Spending

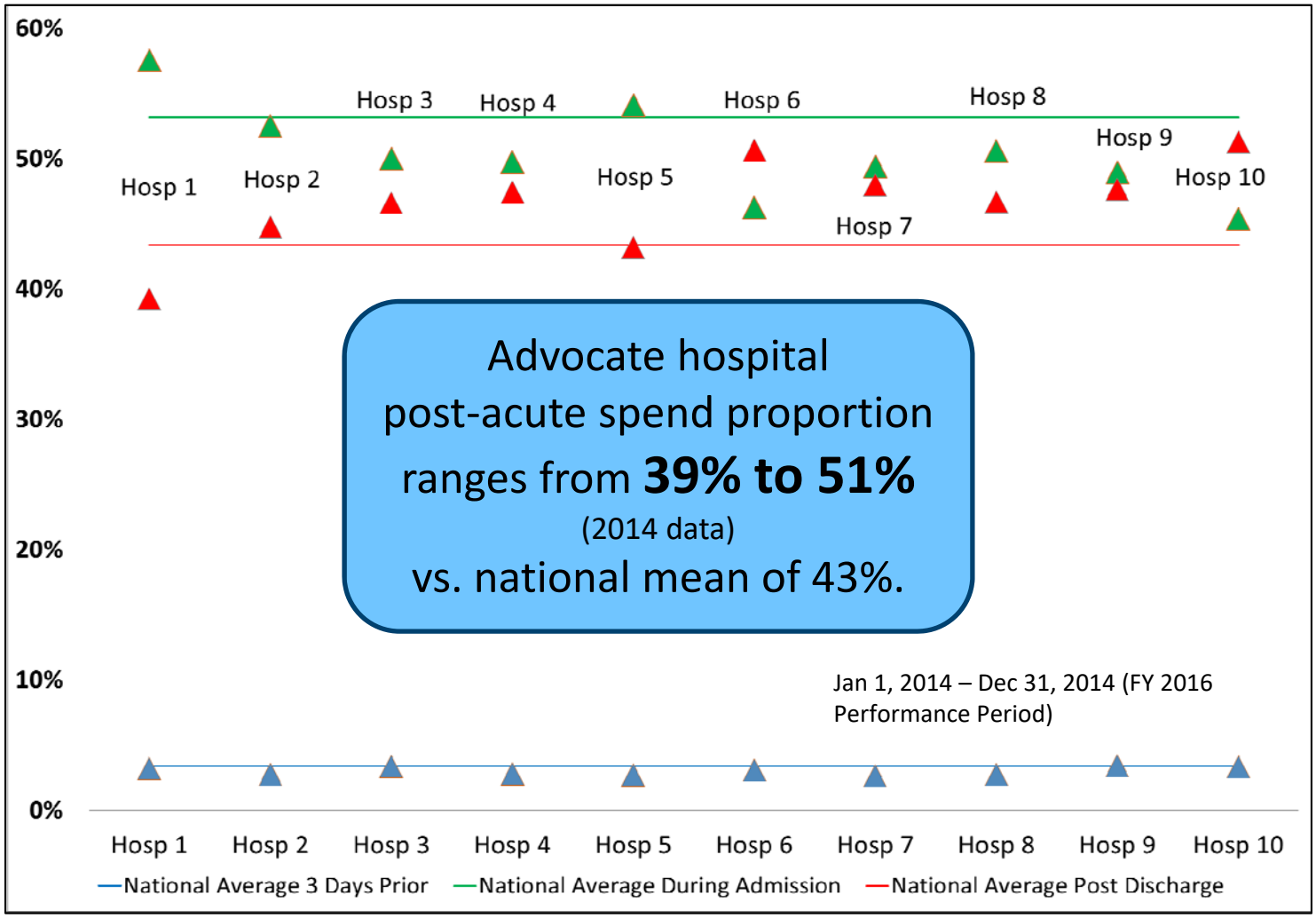
Further analyses have demonstrated significant differences in cost related to the initial post-acute setting of care following hospitalization.

Exhibit 2—Average Episode Spending by First PAC Setting



Source: DataGen Healthcare Analytics

Advocate Health Care Payment per Episode Phase (percent of total spend)

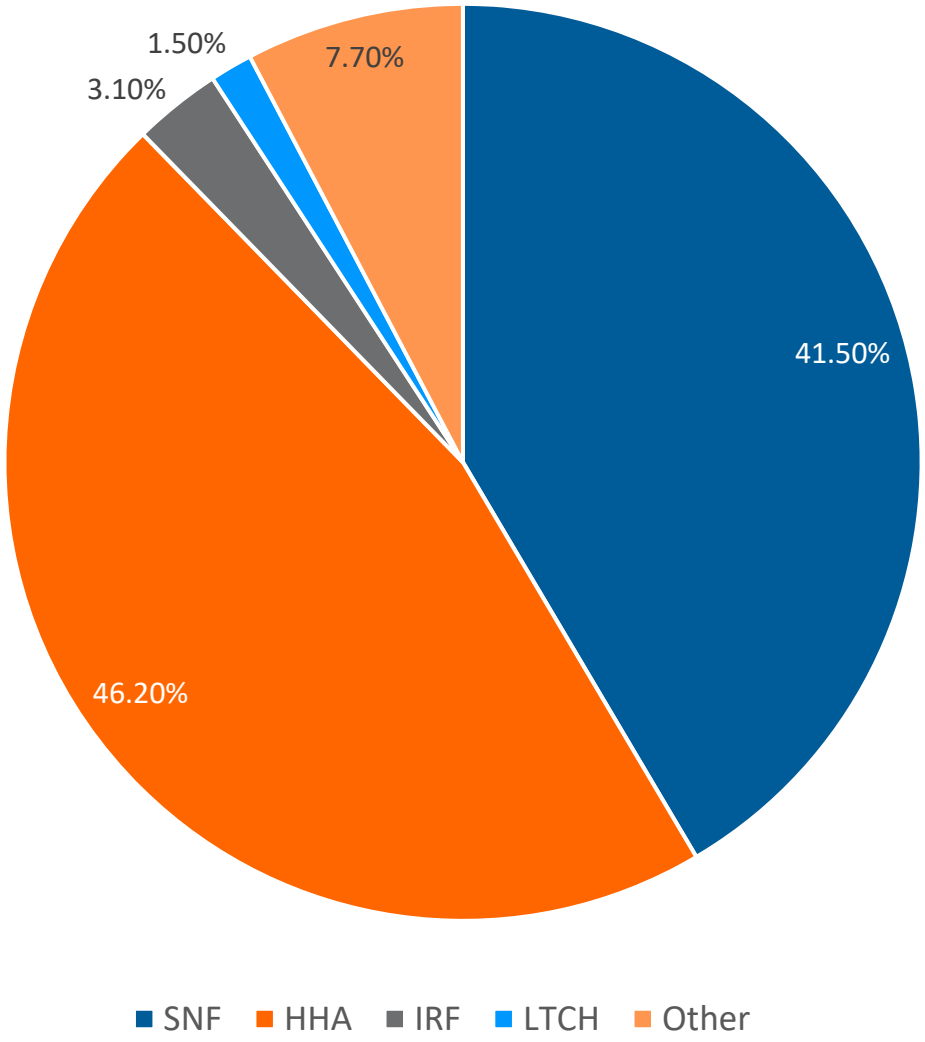


During Admission

30 Days Post-Discharge

3 Days Prior

PAC Discharge Trends



Source: HIN 2015 Post-Acute Care Trends Survey, July 2015

Quality Measures & Reporting

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IMPACT Act of 2014

- Requires standardized and interoperable Patient Assessment Data to increase data uniformity and support comparisons of quality and data across PAC settings
- Established set of quality measures and implementation timeline 2016-2019

CMS SNF Quality Reporting Program

- Begins FY 2018
- SNFs that fail to submit required quality data will be subject to 2% reduction in payment rates
- Specifies multiple quality measures

CMS SNF Value-Based Purchasing Program

- Established in 2014 legislation; begins FY 2019
- Will pay SNFs based on quality of care, not just quantity of services provided
- Two measures:
  - 30 day all-cause unexpected hospital readmission measure
  - 30 day potentially preventable readmission measure
- Adding metrics to *Nursing Home Compare* effective Fall 2017

CMS Nursing Home Compare

- What is Nursing Home Compare?
  - National database available to the public via an interactive CMS website to provide consumers with ready access to quality data regarding individual nursing homes
- Data Sources: Three key sources for Nursing Home Compare data
  - CMS national health inspections database
    - Health inspections
    - Staffing
    - Penalties
  - Minimum Data Set (MDS)- national data base of resident clinical data
    - Quality of Resident Care measures
    - Staffing measures
  - Medicare claims data
    - Quality of Care utilization measures: Hospital admission and readmission rates, ED utilization, Nursing Home discharges

"About Nursing Home Compare"; www.medicare.gov/nursinghomecompare; accessed 11-2017.

CMS Nursing Home Compare

- Quality of Resident Care: Two sets of Quality Measures
  - 9 Short-Stay Resident measures, including percentage of residents readmitted to hospital, percentage who had outpatient ED visit, plus percentage with new or worsened pressure ulcers and other clinical measures
  - 15 Long-Stay Resident measures, including percentage of residents experiencing falls with major injury, percentage with pressure ulcers, percentage with symptoms of depression and other clinical measures

"About Nursing Home Compare"; www.medicare.gov/nursinghomecompare; accessed 11-2017.

CMS Star Ratings

- Overall Star Rating: based on three components
  - Health Inspections
  - Quality of Resident Care
    - 16 quality measures
    - Risk adjusted
  - Staffing
    - RN staffing hours per resident per day
    - Total Staffing hours per resident per day- RN, LPN/LVN, CNA
- Calculations: CMS calculates Star Rating for each component part plus an overall Star Rating from 1-5 stars
  - More stars indicate higher quality

"About Nursing Home Compare"; www.medicare.gov/nursinghomecompare; accessed 11-2017.

PAC Organizational Performance

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- Current State: Conduct a comprehensive Performance Assessment
  - **External strategic market position**
    - Referral sources and patterns
    - Growth opportunities
    - Competitive threats
  - **Operating and financial performance**
    - Analysis of internal utilization, cost, quality, and patient & family experience metrics
    - Comparison to regional and national benchmarks
  - **Quality of care and compliance**
    - Nursing Home Compare
    - CMS STAR Ratings
  - **Provider engagement**

Audience Polling Question

- How satisfied are you with the level of financial, operational and quality performance data available to your organization concerning post-acute care services?
  - ❑ Very satisfied
  - ❑ Satisfied
  - ❑ Dissatisfied
  - ❑ Very dissatisfied
  - ❑ NA

PAC Organizational Performance

- Performance Improvement Opportunities and Priorities
  - Standardized, evidence-based care delivery processes and tools
  - Effective management of transitions of care
  - Reduce avoidable hospital admissions, readmissions, ED utilization
  - Data collection and reporting
- Becoming Partner of Choice
  - Creating and communicating a compelling value proposition

Hospitals/Health Plans/ACOs: PAC Strategy

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- Key questions to consider when assessing/incorporating post-acute care into your organization's **Strategic Plan**:
  - ✓ Does your organization currently have a comprehensive, overall post-acute care (PAC) strategy?
  - ✓ Does your organization have the opportunity to improve operational and financial performance by developing a more effective PAC strategy, potentially reducing inpatient LOS, reducing 30-day readmission rates, and minimizing episode cost of care – Medicare Spending per Beneficiary (MSPB)?
  - ✓ Who are the top PAC performers in your service area, when considering utilization, cost, quality, and patient experience measures?
  - ✓ Who are the underperformers?
  - ✓ Which PAC providers do your patients/members typically utilize?

Hospitals/Health Plans/ACOs: PAC Strategy

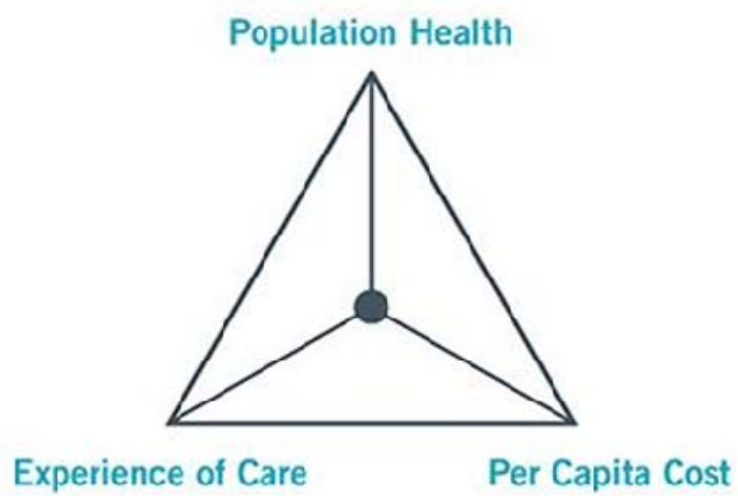
- Key questions to consider when assessing/ incorporating post-acute care into your organization's **Strategic Plan** (continued):
  - ✓ Are your organization's own PAC facilities and/or services high-performing and accretive clinical and operational assets for your organization?
  - ✓ Are there opportunities to expand your organization's PAC facilities and/or services?
  - ✓ Is there merit in continuing to own and operate PAC facilities versus exploring a potential divestiture to an independent operator?
  - ✓ Are there opportunities to collaborate more effectively with external PAC providers?
  - ✓ Does your organization have the necessary resources and expertise to address identified opportunities for improvement or are there more pressing demands?

Audience Polling Question

- Does your organization currently have a comprehensive post-acute care strategy?
  - ❑ Yes
  - ❑ No
  - ❑ In process

Hospitals, Health Systems, and ACOs Need Access to PAC

- Post-acute care needs to be part of your long term strategy
- An integral component of an aligned and coordinated continuum of care to achieve the IHI Triple Aim



- Partnering vs. owning
  - Assess existing PAC marketplace
    - Existing scope of services
    - Attractiveness of existing operators as potential partners

Partnering v. Ownership Considerations

- Speed to market
- Capital requirements
- Focus on the core business
- Technology integration
- Quality integration
- State-specific reimbursement considerations

Sample Structures

Joint venture

Preferred referral network

Leasing of beds

Divesting & Partnering Existing PAC Assets

Audience Polling Question

- Does your organization currently have or participate in a post-acute care preferred provider network?
  - ❑ Yes
  - ❑ No
  - ❑ Under consideration

Developing Preferred PAC Provider Networks

Setting minimum SNF network participation standards

Evaluating SNF provider performance

- Performance report cards – cost, quality, and patient satisfaction
  - Nursing Home Compare national data repository
  - Utilization and cost data
  - Impact of PAC on hospital readmission rates and penalties

Selecting preferred SNF providers

- Developing formal/informal relationships with selected PAC providers

Standardizing care delivery and improving transitions of care and care coordination across the care continuum

Preferred Network Care Integration Opportunities

- Adopting standardized Transitions of Care processes and tools
- Increasing communications and collaboration across the care continuum
  - Joint steering committee
  - Interdisciplinary team meetings
  - Electronic Medical Record interfaces/integration
- Developing/adopting common clinical pathways and clinical practice guidelines
- Measuring performance and sharing data

Implementing a "SNFist" Model

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What is the "SNFist Model"?

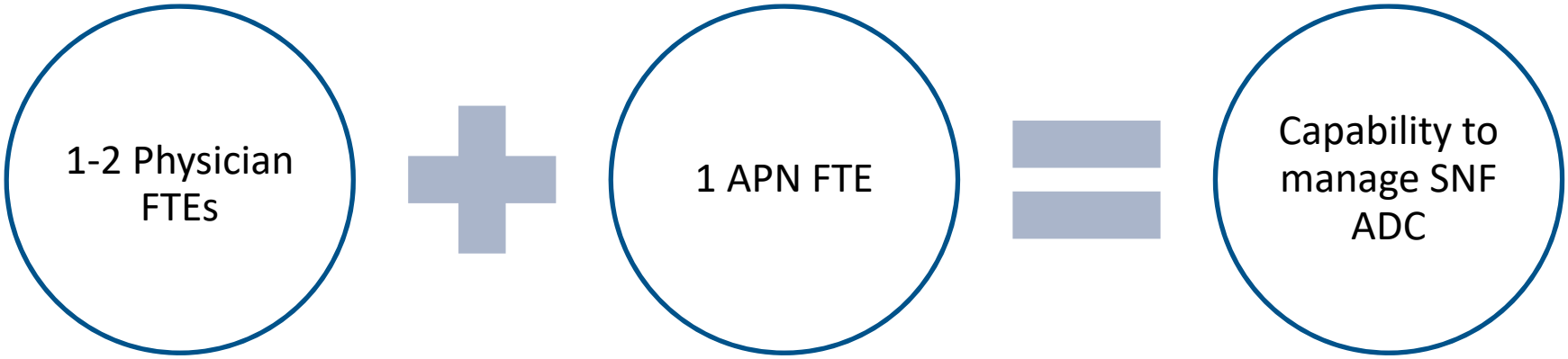
- Implementation of an onsite medical management model teaming SNF-based physicians and nurse practitioners or physician assistants to improve care and reduce avoidable utilization

What are the potential benefits?

- Earlier recognition of changes in condition and treatment in place, when appropriate
- Improved focus on advance care planning and end-of-life/palliative care and hospice referrals
- Increased patient and family communications
- Improved management of transitions of care, including medically necessary acute-care transfers
- Increased clinical education and training support for SNF staff

Case Study: Advocate Health Care SNF/Post-Acute Network Care Model

- This model is currently in place as a nationally recognized model APN/Physician SNF Rounding Team



* Physician visits 1x per week, APN 5x per week

Advocate Health Care Post-Acute Network Results

Year	Number of SNFs	Patient Volume	30 Day Readmission Rate	SNF ALOS	Home Care Capture Rate at DC
2011	---	---	20%	30+	---
2012	12	1,918	13.7%	19.6	65.4%
2013	29	6,180	14.8%	18.3	75.4%
2014	37	9,290	14.6%	17.1	80.5%
2015	39	8,669*	13.5%	15.7	82.4%

From 2011 to 2015 …

- **PAN facilities increased from 12 to 39** (41 in 2016)
- **Readmission rate from 20% to 13.5%**
- **SNF ALOS decreased from 30 days to 16 days**

Resulting in …

- **$45M in savings**

**Annualized*

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Questions and Discussion

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Thank you!