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KEEPING THE EYE ON THE PRIZE

PROVIDERS THAT EMBRACE RISK CAN ADD VALUE BY FORTIFYING RESIDENT CARE AND MAKING THEIR COMMUNITIES MORE ATTRACTIVE TO POTENTIAL CAREGIVING PARTNERS

Facing ever-increasing regulation, long-term care providers have a chance to reframe risk as an opportunity to prove themselves in a changing market.

So says Erin Shvetzoff Hennessey, MA, NHA, CPG, Executive Vice President of Consulting for Health Dimensions Group and the featured speaker for a special *McKnight's* May webinar titled "Regulatory and Payment Reforms: Surviving Risks, Mining Opportunities."

"We haven't seen this magnitude of payment changes in the last 20 years," Hennessey said. "We need to be more nimble, we need to be more strategic and we need to be more forward-thinking about how we're going to provide care and partner with other caregivers in our markets."

Regulatory changes — including implementation of the IMPACT Act, the next two phases of the Mega Rule, and possible changes to the Affordable Care Act — combined with evolving payment models are shifting the landscape of skilled nursing. Operators that continue to go it alone will face increasing challenges in improving and documenting patient outcomes, filling beds and making ends meet with changing revenue flows.

Staying focused on value — providing quality care at a lower cost — will be critical to success now and in the future.

To benefit from many of the new financial structures, providers should focus on managing transitions, coordinating care across settings and preventing readmissions through quality care and thorough communication, Hennessey emphasized.

Those steps are necessary to attract the kind of partners — accountable care organizations, hospital bundlers and increasingly popular Medicare Advantage plans — that can funnel resources and patients to facilities.

"Providers who are working on their outcomes, working on their length of stay, working on their readmissions, are going to be in a great position," Hennessey said. "Being a partner with an ACO, being in their network, even having a shared financial agreement with them is a great way to drive revenue when we know other sources of revenue are at risk."

Earning trust

Change already is at hand.

Claims data is being collected this year for the rollout of three new SNF Quality Reporting Program measures: successful discharge to community, Medicare spending per beneficiary and

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potentially preventable readmissions. (Drug regimen review starts in 2020.)

By tracking 30-day readmit rates and spending per beneficiary, facilities are providing the Centers for Medicare & Medicaid Services with information that will guide 2018 payment determinations.

One NIH report found 60% of Medicare's variable costs were connected to post-acute care, and that has kept long-term care providers under intense scrutiny from both political parties and regulators.

But Hennessey believes the SNF/QRP process offers plenty of benefits to providers even if it seems to undermine their ability to make money.

Determining how your costs stack up to competitors' is one opportunity. Perhaps more importantly, those who can show they're providing high-quality care at relatively low prices will also gain the trust of acute-care providers who need trustworthy downstream partners.

"Show the financial outcomes, the clinical outcomes and there's an opportunity then for relationships directly with the payer, maybe to take certain patients, but also with your contracts," Hennessey said.

Shared data

Stand out from the crowd with solid data, Hennessey advised.

"We know that those we serve do not just receive care in our skilled nursing facilities. They are receiving care in many different places across the continuum. How do we decide what is quality care?" Hennessey asked. "It's hard to define value and pay for value if we're not all using one core data set."

The IMPACT Act, passed in 2014, seeks to help consumers and payers compare apples to apples, with a tool that measures quality on several metrics including pressure ulcers, functional status, cognitive status, and special services. Standardized resource use began last fiscal year, and standardized assessment data will be required by fiscal 2019.

Once all of the parties are collecting and assessing data the same way, it should be easier to identify the least-restrictive settings for individual patients.

Another aim of the IMPACT Act is to create an interoperable, reusable core data set that providers can share.

But even as the government promotes cooperation among healthcare entities, its own watchdog has found those efforts are being stymied by a lack of technology.

Photo: John Merkle @ Elmhurst Park Place

"Being a partner with an ACO ... is a great way to drive revenue."

A report issued by the Government Accountability Office in February pointed out that no software standards exist for exchanging information, making data that is being collected in droves less valuable because it can't be easily shared.

In the short term, providers can consult with their key partners to look for EHR and data-analysis platforms that talk with each other. Technology, combined with instinct and experience, can be essential in stratifying risk and determining which patients or populations need resource-intensive care to improve outcomes and reduce post-discharge events.

The American Health Care Association launched its own national effort to improve quality in 2012 and expanded its effort to reduce hospitalizations and decrease off-label use of antipsychotics.

Aiming for targets that aligned with the CMS Quality Assurance/Performance Improvement program and the Five-Star nursing home ratings system, members dropped 30-day hospital readmissions by 14.2%. Significantly, almost 21% of members reported they'd cut readmissions by more than 30% by the final quarter of 2016.

AHCA estimates that's a total of 40,424 readmissions prevented at a savings of $418 million to the healthcare system.

The association is advocating for incentive payments that reward those facilities who improved the outcomes the most. In the meantime, all skilled nursing facilities will see their payments cut by 2% starting in October with only the undetailed

IT CONNECTIVITY

Providers should be looking for EHR and data-analysis platforms that talk to each other in order to improve interaction and information sharing between them and other caregivers, experts say.

For more information

The original webcast is available at www.mcknights.com/May23webinar.

the undetailed plan that 50% to 70% of that money will be used as incentive payments.

Force culture change

ACOs depend on incentives to manage costs and quality. Among the types already in operation are the Medicare Shared Savings Program, Next Generation and Pioneer, all of which only offer upside risk — the possibility of gains.

Learning to gainshare now through Medicare programs will give providers an edge against competitors as other payers and Medicaid likely follow suit with alternative payments.

But downside risk also is on the horizon, and organizations will be looking for effective partners willing to share savings and losses in the future.

"Advanced APMs [alternate payment models] will drive increased risk," Hennessey conceded. "Of course, you're going to want to avoid being left out of networks or having financial risk. But I think with risk comes huge opportunity to be the provider of choice for payers and for hospitals and to even take on your own upside risk."

At the same time, providers know that they're facing the near-certain reality of mandatory bundled payments and other performance-based reimbursement tools at some point in the future.

So why not join pilot programs as an opportunity to learn the ropes of bundling, hone strategies and find out what prospective partners value most? Hennessey asked.

"Learn by doing," she said. "Force the culture change."

The payoff

Hospital bundlers are looking for post-acute partners able to see past the old framework of RUG-based per-diem payments to a system that promotes higher turnover. Hennessey should know: Her company consults with hospitals and health systems looking to build, optimize or narrow their networks.

CARE STILL THE KEY

Advisors say that providers should focus on managing resident care to reduce lengths of stay and keep hospital readmission rates down.

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Hennessey predicted the next round of voluntary bundling will almost certainly tie payments to quality outcomes, invite new participants and make payments prospectively rather than respectively.

Three new mandatory bundles are already on the books, though their implementation has been delayed (likely until early 2018). Those include episodic payment models for coronary artery bypass, acute myocardial infarction and surgical hip or femur fractures.

As with the existing Comprehensive Care for Joint Replacement (CJR) model, Medicare providers face cost thresholds. Hospitals in 67 regions that meet benchmarks for quality and cost measures can qualify for bonuses, payments that might be split with post-acute caregivers.

The addition of hip fractures to the existing joint replacement program is an expansion that puts more pressure on skilled nursing facilities to prove their capabilities in orthopedics and rehab.

There's risk in getting paid through a shared bundle, but some providers are taking the long-range view.

"They know that, if they can keep the length of stay down, the readmissions down, they would make up for that revenue with more referrals and being a preferred provider," Hennessey said.

Meanwhile, facilities also can learn more about practices that work — and what they might be overspending on — through a deep dive into their data. Sharing responsibility for patients efficiently requires new insights into the patient types a facility is best able to treat and how quickly they can be discharged safely.

Hennessey's advice to all skilled nursing facilities is to develop a value proposition that demonstrates the ability to manage readmissions and length of stay; highlights patient outcomes relative to peers, particularly with in-demand or highly regulated diagnoses; and showcases episodic management across settings and solid communication with a bundler.

All of those efforts should improve focus and bolster patient care while making a facility more attractive to partners.

"We need to keep our eye on the prize, the prize being value," she said. ■

Editor's note

This McKnight's *Webinar Plus supplement is based on a similarly named webinar presented on May 23. The event was sponsored by Medline. The full presentation is available at* www.mcknights.com/May23webinar.