Selling to Hospitals

Understanding the hospitals transition from Fee-for-Service to Risk

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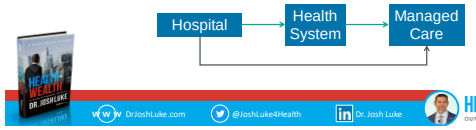
Understanding Alternative Payment Models

Part Two:
Strategies to Succeed in the New Era

The Transformation of the Acute Hospital:

Ball Control: Hospital must control all episodes start to finish

- *Coordinating care for improved outcomes:*
  - *> Hospitals must act like health systems*
  - *> Health systems must act like managed care organization*
  - *> Thus, the hospital must act like a managed care organization as well*



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Financial Incentives to Avoid Unnecessary Hospitalization

Welcome To The World Of… Admission Prevention

- *RAC Audits*
- *Hospital readmission penalty program*
- *Accountable Care Organizations/Bundled Payments*
- *Medicare Spending Per Beneficiary penalty*
- *Better, smarter, healthier: In January 2015, HHS announced goal for 30% of Medicare spending in ACO/Bundle by 2016 and 50% by 2018*
- *Post-Acute Medicare Spending Per Beneficiary penalty: October 2018*
- *** *Becker's reported 12/13/17 that 60% of Medicare payments to be risk based by 2019*

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*It's an **Insurance Business Model***

The Insurer is the only bottom line that is being measured

- *Hospitals are no longer profit centers & aren't intended to be profit* centers in value based care
- In fact, hospitals are the largest expense in the new business model
- Health systems practicing Ball Control; manage post acute LOS, do not defer

Capitalism 101: The Feds & insurers are not concerned about your businesses success. They need only one provider in each market who can meet their needs at the lowest price available.

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What Does This Mean for You?

*It's an **Insurance Business Model**. The Insurer is the only bottom line that is being measured*


→ Hospitals = Last resort


→ SNF = Second-to-last resort; increase capability to handle medical-surgical level patients


→ Home health = Networks will be narrowed


→ Winners = Home care, private duty, and assisted living

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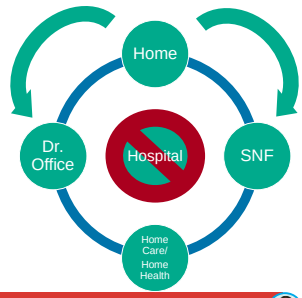

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Options for Direct Transfer from Emergency Department: Patients with a Medicare benefit can be transferred directly from the Emergency Department to the following levels of care

Alternative Level of Care	Pre-Authorization Required?	Doctor's Order Required?	Notes
Observation Floor	No	Yes	High Cost to Hospital; should be last resort
Physician Office/Urgent Care	No	No	
Long Term Acute Care (Alt Acute)	No	Yes	New admission criteria makes this process more challenging but still an option if patient meets STACH criteria
Acute Rehab	No	Yes	Easiest
Skilled Nursing/Sub-Acute	No**	Yes	** Patients discharged from a hospital or SNF within last 30 calendar days
Assisted Living/Board & Care	No	No	Cash pay; not a covered benefit; discharge delay
Home Health	No	Yes	
Home Care	No	No	Patient pays; not a Medicare covered benefit but no caps or limits on service
Hospice or Palliative	No	Yes	
Acute Psychiatric Hospital	Yes	Yes	Can vary based state to state

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Discharge with Dignity™: The Discharge Planners New Role - Adopt a "Home-first" Mentality

Start from the left side of guide and work your way to the right if a discharge home is not an option

The Financial Impact of Post Acute Referral Patterns for hospitals, ACO's & Bundles

	Home Care / Private Duty	Assisted Living	Transitional Care Visit	Chronic Care Management	Home Health	Hospice/ Palliative	SNF	Acute Rehab	LTACH
Degree of Financial and Quality Penalty to Discharging Hospital Start Here	None	None	Negligible *(its less than 10% of the cost of home health -- and it covers 30 days as opposed to 6-8 weeks for HH)*	Negligible	Nominal *(should rarely be ordered in acute CH SNF setting; send Dc /IMP to the home for Transitional Care visit to assess need for HH)*	None NA	Moderate	Severe *(only for specialized needs that can't be met at a SNF)*	Severe *(LTACH is truly specialized acute care, not post acute care)*
Discharge Level	FO	FOADH	AHD	ADWCD	ASN		LR	A	A
Patient Financial Responsibility	$	$$	Nominal	Nominal	Nominal	NA	20% after 20 days	Varies	Varies

A – Avoid unless specialized need; requires physician advisors approval
FO – First Option and consideration for all patients
AHD – (Order for) All Home Discharges
FOAHD – First Option After Discharge Home; Assisted Living can cause delays in hospital discharge; engage AL before discharge

LR – Last Resort if skilled need (if patient is unsafe to go home with resources)
ASN – Consider as alternative to SNF if skilled need & Home Care not an option
ADWCD – (Order for) All Discharges with Chronic Diseases

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Bottom Line…

- *The Golden Days of hospital reimbursement are over*
- *In 2023 hospitals are more risk based than in the past*
- *This means that the hospital is no longer the buyer, the insurer is the buyer*
  - Figure out who holds the risk and what percentage each holds
    - Health plan
    - Medical group
    - Hospital
- *Case managers and discharge planners will feel increasing downward pressure to discharge home (or to the lowest level of care possible)*

…its an Insurance Model

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Thank you!

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