# American HealthTech®

# The Outcomes Toolkit: Leveraging Your Data Story

## Whitepaper

**Teresa Chase**,
President, American HealthTech

# Executive Summary

## The Challenge

Outcomes reporting has quickly become a critical success factors for LTC facilities, particularly as it relates to hospital readmission. In order to control healthcare costs, the government is increasingly targeting avoidable readmissions as a top priority. According to an often quoted study, 19.6% of hospitalized Medicare patients are readmitted within 30 days[1], and the savings potential for American taxpayers related to avoidable readmissions is $20-$25 Billion.

## The Trend

Since 2012, CMS has been ranking hospitals based on 30-day readmission rate for the top three diagnoses triggering the majority of return-to-hospital stays. Payments for the worst-performing hospitals will be curtailed in by up to 3% as of 2015. CMS-supported pilots have shown that episodic bundled payments offer the most promise for reducing readmissions and lowering costs over 5%.

## The Bottom Line

Your flow of referral business has always depended on your relationship with your acute-care partners, but this relationship is now more data-driven than ever. Your newest and toughest customers are now-astute hospitals that will shop regional markets for post-acute providers with the best outcomes and sign contracts. You must be ready to produce outcomes reports to market to them, continuously improve, and report your results to them.

If Medicare business is part of your pro-forma revenue plan, dealing with these entities will not be optional. And it's not just limited to Medicare: several states are quickly advancing toward capitation with Medicaid. As Dr. Kent Bottles[2] recently expressed it: "no outcomes, no income."[3]

[1] New England Journal of Medicine, 2009

[2] www.kentbottles.com

[3] www.kentbottles.com

Understanding and marketing your outcomes is now a critical part of the future business of any SNF. Hospitals and ACOs expect you to help them operator profitably in an environment that is increasingly moving toward a capitation model, where providers bear more of the financial risk for patient care outcomes. This white paper outlines a three-step game plan for knowing where the points of pain are for your referral partners, knowing what kinds of data you will need as part of this data-driven relationship, and how best to leverage this data.

## Step 1: Know Where the Points of Pain Are

Hospitals may like you, and have a good relationship with you. But what their executives lay awake at night about isn't your good relationship: it is their bottom line. Their key points of pain now revolve around quantifiable outcomes. These outcomes, in turn, must guide your own data story.

The extent to which you can help hospitals and ACOs deal with readmissions will win your organization Medicare census. CMS now ranks hospitals based on 30-day readmission rates for the top three diagnoses causing the majority of readmissions: heart attack, heart failure and pneumonia. Hospitals in the bottom quartile (nationally) from the prior year will have a percentage of total Medicare payments withheld: up to 3% by 2015.

This objective is not going to change any time soon. Over the past 20 years, quality and costs have challenged the U.S. healthcare system when compared to global peers. According to a June 2010 Reuters report, "Americans spend twice as much as residents of other developed countries on healthcare, but get lower quality, less efficiency and have the least equitable system."[4] In order to control costs, the government sees preventing avoidable readmissions as a top opportunity.

[4] http://www.reuters.com/article/2010/06/23/us-usa-healthcare-last-idUSTRE65M0SU20100623

With an estimated 13.3% of preventable 30-day readmissions, the savings potential is estimated as high as $12 billion annually.[5]

Redesigning clinical care processes is an imperative, and healthcare models that reward value vs. volume are gaining momentum. In value-based models, providers are encouraged to work together to reduce costs, boost quality, and eliminate readmissions. Bundled payments (which will eventually morph into capitated payments) are paid to a collaboration of providers on a per-episode basis. To date, CMS-supported pilots show value-based episodic bundling saves taxpayers upwards of 5% vs. volume-based, fee-for-service reimbursement models.[6]

As healthcare reform advances, the outcomes-driven world of healthcare is here to stay. Entities bearing risk for an episode will increasingly make data-driven partnering decisions, and hold fellow providers accountable for superior outcomes.

*"With hospitals more routinely interested in us due to readmission penalties, reliable data matters more than ever."*

Scott Lipman, COO, Marrinson Senior Care Residences

[5] New England Journal of Medicine 2009 Study

[6] Perspectives: Controlling US Health Care Spending – Separating Promising from Unpromising Approaches, Hussey, Peter, Ph.D., et. al., NEJM, 11/09; accessed via the web 12/09.

## Step 2: Know Your Metrics

It is one thing to set out to reduce readmissions or improve quality. It is another to have visibility and control over the components that drive these outcomes. So the next step in your process is to break down your strategic goals into actionable ones, starting with having the right metrics data.

Reports will be essential tools to market, continuously improve, and communicate your successful clinical outcomes. You will likely have contractual obligations for certain metrics. Working with your software vendor, you'll want to know:

- Can I monitor performance of my clinical program goals?
- Do I have tools to monitor for a decline in condition and send a notification when one is detected?
- Can we track discharge measures by CMS-defined diagnoses for the top conditions that trigger

readmissions? (CHF, COPD, pneumonia, uncontrolled diabetes, urinary infections, etc.)

- Can we track quality? (ADLs, falls, restorative history, wound management, and any other special programs I've developed to boost outcomes…)
- Can I report the top outcomes measures in real-time?
  – Re-hospitalization rates
  – Discharges
  – Infections
  – Number of ER visits
  – Average length of stay (LOS)
- Do I have ways of addressing clinical factors for high-risk medications or diagnoses?
- Do I have clean data sources for discharges, admissions, incident management, infection control, status changes, and more?
- Can I create special outcomes reports as needed? For example, for a specific physician or hospital? Location in the facility? Discharges? Over specified timeframes?

Another important set of metrics is knowing where your acute-care partners — the hospitals in your backyard — stand. Find out more about your acute care partners and compare for yourself:

*http://www.medicare.gov/HospitalCompare/search.html*

Having this data is powerful and positions you as an empathetic, trusted partner when calling on a local hospital CFO. The extent to which you can help a struggling hospital overcome readmission pain will win you Medicare referral traffic. The top outcomes against which providers will be measured by hospitals include:

- Lowest cost, as measured by Length of Stay (LOS)
- Quality, as measured by lower facility-acquired conditions
- Readmissions, as measured by return to hospital visits, for any reason except heart stent or bypass surgery

# Step 3. Know Your Data Story

With the right data in hand, the next step is knowing how to create and use your "data story" – for the sake of your referral sources and your own facility's quality and service branding.

## Marketing

Before making a "sales call" on a hospital CFO, you'll want to get your data house in order. Providers looking to gain a competitive edge can consider the following highly strategic assets:

- Electronic Medical Records (EMRs) with complete, accurate, and solid data you can trust
- Interoperability with partners to round out EMRs, e.g., labs, pharmacies, EKG reports, etc.
- Specialization programs that give you an edge in reducing length-of-stay and quality care
- Outcomes Reports showing your positive trends for lowering costs, boosting quality, and reducing return to hospital

From a clinical perspective, outcomes reporting offers a great opportunity to monitor and analyze progress over time, articulate targets, and benchmark for improved performance. For example, you can create reports to:

- Improve the provision and scope of services
- Promote early intervention
- Better manage complex health conditions
- Respond to community market profiles
- Partner more effectively with affiliates (hospitals, home care agencies, and 3rd party payors)

All of these programs could be potentially attractive to partners scrutinizing your performance. As is typically the case in sales, it's all about demonstrating value in the relationship.

### Continuous improvement

Consultants have shared with us that it's not just about reporting today's outcomes. Providers who can demonstrate continuous improvement will be very attractive to entities responsible for managing patient episodes.

Outcomes reporting is the ultimate dashboard — allowing executives to ask, "as a team, are the important day-to-day details on which we focus aggregating to produce the real results that move us forward?"

### Regular reporting

For many years, managed care organizations in California have operated under capitated payment systems, where providers who manage episodes share the risk. The entities serving as quarterbacks for bearing risk, whether called Accountable Care Organizations (ACOs) or by some other title, will write contracts and expect data-driven results. Outcomes reporting will be increasingly how business success gets measured in healthcare. You must be able to produce these reports on a regular basis, with real-time data. The hospital's payments, along with your own, will depend on it.

## Outcomes Are Your New Brand

Providers face new data requirements for discharge tracking, the number of hospital readmissions, and the number of ER visits. It is imperative that providers educate staff on the necessity of providing extra attention to medically complex residents in order to prevent a return to hospital that could have a downstream impact on future referral traffic. In this new climate of data-driven scrutiny, every readmit will count. Open lines of communication are essential between families, caregivers, and the hospital team — to ensure everyone is focused on quality and efficiency.

Outcomes reporting along with early intervention will promote seamless transitions from the hospital to skilled nursing to home health agencies.

# About the Author

## Teresa Chase, President, American HealthTech

Teresa Chase is President of American HealthTech. With over 30 years of leadership roles in healthcare, Teresa is passionate about helping providers form the alliances, access, and answers on which quality outcomes depend in the new era of post-acute care. Teresa empathizes with the demands of a people-intensive business in hiring, motivating, and devoting one's life to helping others. Prior to American HealthTech Teresa served 21 years at Blue Cross & Blue Shield, including VP of Customer Relations and HR.

## About American HealthTech

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