American HealthTech®

WALKING THE TIGHTROPE:

Balancing Good Clinical Outcomes with a Healthy Bottom Line

An Executive Roundtable of Post-Acute Executives

A special event hosted by Provider magazine

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Executive Summary

The Challenge

Post-acute care organizations are not only responsible for the health and safety of their residents, but they must also manage the changing regulatory and payment demands, which are increasingly focused on clinical outcomes. These two momentous realities are raising the stakes – and the questions – for post-acute providers: How can it all be accomplished and maintained? What strategic practices can be continually relied upon to meet the goals of coordinated, high-quality care at reduced cost in spite of the changing regulatory and reimbursement landscape?

It feels like providers are walking a high-wire tightrope.

In October 2017, executives from various segments of healthcare – from assisted living to skilled nursing to home health and hospice – met for a roundtable discussion at the American Health Care Association/National Center for Assisted Living (AHCA/NCAL) Annual Convention & Expo in Las Vegas, NV for a Provider Executive Roundtable to share their observations, challenges and innovations surrounding how to achieve positive clinical outcomes under new payment models, while also managing rehospitalizations, a myriad of regulations and a host of operational challenges.

The Takeaway

Moving beyond a decade consumed by CMS mandates, clinical healthcare executives are now fixing their sights on what it will take to succeed in the healthcare marketplace of the future and developing the infrastructure needed to support value-based healthcare – all while keeping focus on reducing unnecessary readmissions, addressing staffing shortages and improving revenue.

The Bottom Line

Delivering high-quality patient experiences and producing good outcomes in a rapidly changing reimbursement environment have become a massive undertaking and executives must depend on many people to fulfill the vision of what needs to be done in the world of post-acute care.

Roundtable Moderators

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There is no stopping the move to value-based care, which, by some estimates, will replace fee-for-service in fewer than 15 years.

Introduction: A Challenging, Yet Opportunistic, Landscape

There's an old adage that the only constant is change. Healthcare, by its very nature, is change; and no sector has felt that change more than the post-acute care market. In 2017, those changes keep coming. With a new administration in Washington, DC, healthcare leaders, including those in skilled nursing, have continued to adopt the transformations brought on by the Affordable Care Act (ACA).

A significant reason is because there is no stopping the move to value-based care, a key tenet of the ACA. By some estimates, including those from the American Health Care Association, value-based and bundled payment systems will replace fee-for-service in fewer than 15 years.

Last year, the Center for Medicare and Medicaid Services (CMS) announced that, by 2018, it wanted half of all payments to be delivered through bundles. What that means is that acute and post-acute care providers must work even more closely together to align patient care toward an ultimate goal: Clinicians, no matter where they are in the continuum, all working in concert to have a fuller understanding of patients' needs.

In turn, the solutions must also encourage patients to take a responsive role in their own care. And many of these solutions, including bridging the gap between hospitals to homes, fall right in the laps of post-acute providers.

That's where the tightrope comes in.

Skilled nursing facilities (SNFs) are not only dealing with readmissions, but a host of other challenges as well. Consider the fact that the number of SNFs has flattened at roughly 15,000.

The National Investment Center for Seniors Housing & Care reports that occupancy experienced a significant decline, down to 86.8 percent in 2016, the lowest since 2005.

The lower occupancy is being driven by a number of care delivery and reimbursement initiatives, including tight regulatory oversight, increasing patient acuity, labor challenges and rising competition from other sectors of post-acute, like home health and assisted living.

But there is good news – *and significant opportunity* – for post-acute providers specifically.

While it's possible that market challenges, together with efforts to reduce healthcare spending, could adversely affect the post-acute sector, providers in this sector remain optimistic.

But there is good news -- and significant opportunity -- for post-acute care providers. Current population trends show that the number of people over age 65 in the United States is expected to double to 81 million by 2040.

Current population trends show that the number of people over age 65 in the United States is expected to double to 81 million by 2040. And most experts believe this extraordinary growth will give post-acute providers even more incentive to deliver high-quality, efficient care focusing on positive clinical outcomes, as opposed to volume.

With this backdrop in mind, this year's executive roundtable assembled top clinical and operations leaders to discuss the state of the industry. These are the people on the frontlines of setting the standards for their organizations.

This year, the executive panel focused on the opportunities and challenges they face from new payment demands; tackling new requirements of participation; and, what the future holds as providers continue to walk the tightrope of balancing competing realities and pressures with the many opportunities that lay ahead.

How to Thrive in a Value-based World: Focus on Rehospitalizations, Quality Clinical Outcomes and Data, Data, Data

When patients receive their discharge papers from the hospital, it's often a crap-shoot knowing if they'll successfully return to their normal activities of daily living – or if they'll have to come back to the hospital. In an ideal scenario, the patient has a strong support system in place to help them recover after leaving the hospital, and understands and follows the discharge plan of care.

However, hospitals and SNFs can no longer take that gamble. While the care staff is clearly concerned about the health and well-being of their patients, they are also on the hook financially if those patients bounce-back to them within 30 days. Given these two realities – one altruistic and one financial – hospitals and SNFs must be proactively involved in managing patients to ensure they will receive the most appropriate care when patients leave their respective buildings.

This is where the focus on post-acute really comes in. Skilled facilities provide the patient with a focused care team responsible for achieving the best possible outcome at the lowest possible cost. While achieving this goal can be challenging, the payoffs—healthier patients, improved quality of care, positive outcomes and reduced costs—make it worthwhile for a new payment world.

"We rely on our administrators and directors of nursing (DONs) to really make the difference in lowering our rehospitalization rates."

Angela Smith
Cantex Continuing Care Network

Three key steps to succeeding with value-based payment models, according to the roundtable panel, are to reduce rehospitalizations, improve quality and clinical outcomes and focus on data, both inside and outside of facility walls

Reduce Rehospitalizations

Perhaps more than anyone in a post-acute care facility, clinicians are better-positioned to monitor at-risk patients, identify warning signs of future acute-care incidents, and intervene, preventing those symptoms from becoming severe enough to warrant a costly readmission to the hospital.

PruittHealth, a Southeast-based post-acute enterprise with 94 SNFs, and separate divisions for home health, independent living, hospice, pharmacy and medical supply, is also looking inwardly to solve the rehospitalization issue. According to Mary Ousley, Chief Strategy Officer for PruittHealth, their positioning for value-based care models began two years ago, shortly after it was announced that the industry would be moving away from fee-for-service. The organization assembled a cross-functional alternative payment model committee consisting of its clinical, financial and marketing teams. The key driver was having solid data, so the team took destiny into its own hands by developing a custom scorecard.

"We found that hospitals were really hungry for information," explained Ousley. "Yes, they had their own scorecard. Yes, they understood what it cost to be in a PruittHealth facility. They knew our hospitalization rates. But they really didn't understand how it all tied to outcomes. We built a strong story of why one of our centers could meet the needs, not only of the clients or the patients they may send us, but also the needs of the hospital and the staff who would be referring to us. You've got to build your own story of what you can do for your referral partners. Then, you can have a productive dialogue on how to accommodate each other's needs."

> **"When you do the right thing for the patient, it leads to the best financial outcome"**
>
> *Jerilyn Reinhardt*
> *Benedictine Health System*

For Cantex Continuing Care Network, an organization with 34 skilled nursing facilities (SNFs), four home health agencies and two hospices based in Texas, reducing rehospitalizations is a top priority. According to Angela Smith, Senior Director of Reimbursement and Rehabilitation, "We rely on administrators and directors of nursing (DONs) to really make the difference in lowering rehospitalizations. We've developed a custom model based on Interact so our clinical teams know where they stand at any given time. This enables our DONs to make data-driven decisions, together with physicians who, without this data, may be inclined to send patients back to the hospital. It's improving our rates and enabling more thoughtful dialogues with our physicians."

While many enterprise providers were able to drive innovation more quickly, some of the independent and multi-facilities faced resource issues; yet, they relied on their creativity to tackle the same challenges.

"We struggle with putting all of these initiatives into place and then tracking them," said Teresa Vallentine, Vice President of Clinical Operations and Quality for Lutheran Homes of South Carolina. "With five CCRCs, we didn't count on the

majority of family members mandating that their loved ones be returned to the hospital. To tackle this, we started putting our clinical liaisons in the hospitals so they could introduce themselves to patients sooner in the process to build the relationship. All of the information garnered from these earlier touch-points now flows through with our admission coordinators and our DON so they can better understand rehospitalization risk at the time of referral, before the patient is admitted. This has helped tremendously."

The bottom line, according to Jerilyn Reinhardt, co-moderator of the panel, Vice President of Quality and Performance Excellence and Interim Senior Vice President of Clinical Services at Benedictine Health System, is this: When you do the right thing for the patient, it leads to the best financial outcome.

"We have implemented a dashboard that is open to our entire enterprise," she explained. "Any community can see the trending of another facility and see which ones are doing the best. We use this tool to praise those facilities that are out-performing; but we also use it to mentor our staff so they can see areas of needed improvements. We call it, 'the art of the possible.' It's the innovation and creativity that happens when staff has access to data that shows, not only the bright spots, but also the areas that need more focus."

But programs that deliver the 'art of the possible' would not be possible without technology. Jim Riemenschneider, co-founder and Chief Revenue Officer of COMS Interactive, doesn't take this role lightly. "As technology experts, AHT and COMS are responsible for supporting providers and determining how to automate protocols within the EHR in order to make it easier for clinicians to use. This is vital toward adoption and helping post-acute providers have access to meaningful data that enables them to focus and drive better decisions."

"Technology enables us to develop deeper critical thinking from our clinicians. They learn and improve from data transparency."

Jeff Amann
Welcov Healthcare

Jeff Amann, Chief Operating Officer with Welcov Healthcare, agrees. He relies on technology to create transparency and focus throughout his organization. "We care for over 2,800 residents across 37 facilities in a six-state area of the upper Midwest," he explained. "We know that technology is an accelerator, so we use it to create a learning environment to review results with our team and operators so they understand our rehospitalization rates. Technology enables our clinicians the time to develop deeper critical thinking and make informed decisions. They learn, and improve, from data transparency."

According to Shannon Lager, Vice President of Operations for Medicalodges, one of the best ways to improve rehospitalization rates is enabling clinicians to document at bedside, as opposed to a kiosk on a wall that's far-removed from the patient. Medicalodges, headquartered in the heartland of Kansas, has 25 SNFs in Missouri, Kansas and Oklahoma. The organization also has four assisted living facilities, two developmentally disabled programs in Kansas, as well as two in-home care service providers in Kansas.

"We integrated INTERACT SBAR and Stop and Watch into our EHR," said Lager. "Instead of documenting at a kiosk on the wall, our clinicians have tablets, which are always with them. All of the vital information is right there for our nurses and aides. Our EHR creates alerts that require follow-up. The alert stays until the issue is resolved and documented. This has helped us to improve quality and intervene more quickly before a small issue turns into a larger issue that requires a trip back to the hospital."

In addition to improving data transparency and quality throughout provider organizations, providers are also hoping that technology can help them solve one of their biggest challenges: Understanding the cost of the care they provide.

"One of the toughest challenges we're facing throughout the industry is deciphering the total cost of care within our facilities," said Jerilyn Reinhardt. "But that's where technology comes in. When we can get a blood pressure machine and weight machine that automatically sends accurate data right into the medical record, we won't have our nurses trying to manage their jobs with 17 devices in their pocket. If I can save 10 seconds of an aide's time for every care delivery, that's significant for an organization our size. I think technology will be the impetus to achieving this."

Improve Quality and Clinical Outcomes

Quality programs and positive clinical outcomes go hand-in-hand in any healthcare environment. But within the post-acute care landscape, these initiatives take on a unique role, as providers balance their relationships with their patients, their hospital and referral partners and their payment sources. The better their quality, the better their outcomes will be. And the better their outcomes, the better their patient satisfaction, census – *and revenue* – will be.

Sandra Kingsley, Director of QAPI for Wilmac Corporation, a family-owned organization consisting of four SNFs, two personal care homes and two

independent living communities in Pennsylvania, also takes a unique approach to quality improvement. Wilmac participated in two innovative post-discharge programs after entering a bundled payment relationship.

"Based on the requirements of value-based payments, we realized we needed better control over our post-discharge process," she explained. "We track every patient for 30 to 60 days after they leave our facility, so we added nurse navigators to handle much of the post-discharge tracking. But our navigators also focus on building relationships with home health agencies, hospitals and doctor's offices. We now participate in an innovative service from one of our hospital partners. If there is an issue with a patient after discharge, our nurse navigator can call the EMTs at the hospital and they'll make a home visit to see if the patient needs to go back to the hospital. They can also determine if they need to come back to the SNF instead. It's problem-solving at its best."

PruittHealth also takes an innovative approach to quality improvement that begins with key business drivers. As Mary Ousley explains, "We focus on achieving positive outcomes, retaining our employees and customer satisfaction for our patient population. These drivers are all interconnected. One feeds into the other so it really helps us to stay focused and with our eye on quality across the key areas of our business."

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Sandra Kingsley
Wilmac Corporation

Welcov takes a similar approach. "We've developed strategic plans that center around four key areas: Financial health of the business, employee engagement, clinical excellence and future innovations," explained Jeff Amann. "It's critical to simplify your goals and be as transparent as possible so everyone in the building understands what you need to achieve together."

While some providers look at quality from the top-down, other providers take a different perspective – by looking bottom-up.

"UTIs and wounds were two quality improvement initiatives we focused on," said Teresa Vallentine. "Surprisingly, we started with our maintenance team. We examined all of the equipment related to these clinical issues. We worked with our supplier to conduct an assessment of our mattresses and wheelchair seats. What we found amazed us! How many times do you look underneath your bed? How many times do you evaluate how old your

mattresses are? How long have you had your pressure cushions? It was eye-opening because when you see someone in a wheelchair, you focus on them as people. You don't necessarily see what's happening underneath. Taking a different perspective led to more innovative thinking."

And sometimes, achieving higher-quality results and outcomes comes from the oldest, simplest form of problem-solving: Communication. According to Shannon Lager of Medicalodges, "We utilize our sister facilities to exchange knowledge and experiences. Staying in regular contact helps us track consistencies and learn; it helps us mentor staff and communities toward better case management; and, it helps nurses reframe how they think about why a patient came to our facility and what care services are needed. Simply talking and sharing helps us get on the same page and break down the silos within our own buildings."

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Shanon Lager
Medicalodges

For Jeff Amann, he took communication to a new level by developing quality conferences within Welcov Healthcare. "We realized we needed to adopt the philosophy that everything is a quality improvement initiative. We even changed our daily stand-up meetings to become quality conferences. We take an interdisciplinary team approach that focuses on the outcomes we want to achieve from our hospitals' perspectives. While it's still not perfect, this one simple change is beginning to positively impact our quality outcomes."

Data Data Data

One of the most important things that post-acute organizations can do is create strong partnerships with hospitals, as well as their counterparts in the post-acute market.

One way to build a better relationship is through interoperability, or the ability to seamlessly share information and data related to patient care. The ultimate goal of interoperability is for data to follow the patient, no matter where they are in the care continuum.

As Mary Ousley explained, "In today's world, we simply can't operate as silos. We're all very dependent on each other and what's happening in each one of the patient's respective facilities is paramount to their health and well-being."

And while interoperability is challenging in any healthcare environment, being a rural post-acute provider introduces whole new issues.

According to Shannon Lager, “In rural Kansas, you need to have someone to be interoperable with! In some of our markets, we’re well ahead of our community hospitals and our critical access hospitals. Some providers are still operating on paper. At Medicalodges, we’re completely electronic so we’re not on an equal plane with each other. This makes it difficult to communicate effectively; and it makes interoperability next to impossible.”

New Requirements of Participation: Tough but Necessary

A key theme of the 2017 executive panel was ‘change.’ One of the key impetuses for change in the post-acute world is the increased scrutiny and regulation by CMS. Beginning in 2018, SNFs will suffer financial penalties if their hospital readmissions rates are higher than expected.

In October 2016, CMS published a final rule revising the Medicare and Medicaid Requirements of Participation for nursing centers. This represents the first comprehensive revision to the regulations since 1991, and the changes are significant. CMS explained that the changes to the requirements are needed to keep pace with the changes in the industry and assist in the goal of improving the provision of health care and patient safety.

The rule becomes effective in three phases. The first phase had to be implemented

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by November 28, 2016. The second phase must be implemented by November 28, 2017. The third and final phase must be implemented by November 28, 2019. The executive panel is addressing the new requirements with planning, caution and concern, and determination to succeed.

I've been preparing for the new requirements for months," said Angela Smith. "We're looking at our policies to determine whether or not they meet the requirements. The new survey process just came out so we're looking at how our mock survey processes work in line with the new one. Next, we'll be evaluating our quality assurance program. I'm most concerned about the burden on our social services staff. The new interpretive guidelines are very heavy on discharge planning and hospice. And there's just so much in them for them to read and understand, while balancing the demands of their normal jobs."

Mary Ousley shares the same concern; yet notes the importance of meeting the requirements with optimism. "At PruittHealth, we started preparing 18 months ago," she said. "The requirements are necessary for our sector to remain on-par with all of the other healthcare sectors. While I think it is going to be very challenging for our centers, and even for surveyors, it's important that they're being put into place. Otherwise, we'll be left behind. Hospitals are now looking to us as the experts. We've got to be a part of sharing the risk, understanding the cost of care and providing the very best care."

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Mary Ousley
PruittHealth

"They're going to hold off enforcement for a year," said Barbara Mitchell, "but as far as I'm concerned, my facilities aren't going to know that. But I do worry about our staff. I think it's going to be much harder to be a DON, and the industry is already challenged with recruiting issues. But we're going to forge ahead and tackle this so we can compete."

One of the initiatives Mitchell is undertaking is proactively tackling the recruitment challenges she fears the new requirements will impact. Through her work with the Georgia Healthcare Association, Mitchell has been involved in assembling a workforce subcommittee. "We created a role called nurse ambassadors, who work directly with the universities and technical colleges in their areas," she explained. "One of the directives we have for the schools is getting more geriatrics into the nursing programs earlier on, so there is a base understanding before they get into the environment."

And as Mitchell works to implement changes that will meet the requirements in the short-term, while also trying to foresee the downstream effects, Jerilyn Reinhardt is changing their orientation program to educate their DONs on the new survey. "We have to teach nurses how to better communicate with surveyors and how to respectfully interact when interpretations differ."

Final Thoughts: The Journey Ahead

The post-acute market is under tremendous pressure from hospitals, payers, competing healthcare entities and patients to improve quality by reducing unnecessary rehospitalizations while simultaneously reducing costs and complying with more stringent regulatory oversight. The force of these pressures is causing seismic changes, forcing providers to walk a tightrope between quality, cost and value. In response, providers are taking steps to become valued partners to hospitals in their markets and preparing their infrastructures and operations for success in the value-based payment model.

To remain competitive, those providers who remain diligent – and proactive – will be the ones to fundamentally alter how care is delivered. The executives from the 2017 roundtable panel are determined to rise to the challenge and are facing their future with unbridled optimism.

"Post-acute has never been more professional and we've never been better advocates for our residents," said Jerilyn Reinhardt. "There's an excitement about what we'll accomplish in the future. I have high hopes, and I see younger people coming into the industry and moving us to the next level of performance."

"I see a higher quality standard in our sector. Sure, we have challenges; but, the one thing I can always say about the skilled nursing sector is that we always survive. We always reinvent ourselves. I take a great amount of pride in that. I believe post-acute is the future of healthcare."

Angela Smith
Cantex Continuing Care Network

"We're more creative about care giving," said Jeff Amann. "Our hospital partners look to us as the experts and I haven't seen that in the 35 years I've worked in this industry! The silos are finally coming down and that is a win for everyone, most especially the patients."

"I see a higher quality standard in our sector," said Angela Smith. "Sure, we have challenges; but, one thing I can say about the skilled nursing sector is that we always survive. We reinvent ourselves. Today, we are more like transitional care units or mini-ICUs and we can rival LTACs. And we do all of this while working with some of the highest-acuity patients. I take a great amount of pride in that and I believe post-acute is the future of healthcare."

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