

Keeping Quality and Revenues Up and Costs Down

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State of the Industry

- *Change is everywhere*
 - ❖ *Medicare and Medicaid*
- *Quality is the new status quo*
- *Payment bundling is on the horizon*
- *Current CMS demonstration projects*

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State of the Industry

- Independence at Home (IAH)
 - ❖ To test effectiveness of delivering comprehensive primary care at home for benes with multiple chronic conditions
- Community Based Care Transition (CBCT)
 - ❖ Reducing incidences of hospital readmissions for patients transitioning from hospital to home or nursing home

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State of the Industry

- Nursing Home Value-Based Purchasing (VBP)
 - ❖ To “pay for performance” P4P to improve quality of care to beneficiaries
 - ❖ Began in 2009 – Three states – Arizona, New York, Wisconsin

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Independence at Home

- *Led by a practitioner*
- *Provided in home*
- *Multiple chronic conditions – 2 or more*
- *Must have 24 hour care available*
- *Must have mobile diagnostic technology to minimize ER trips*

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Community Based Care Transition

- *Hospitals to partner with those in continuum of care*
- *Evaluate drivers of care and cost*
- *Train staff to use new tools to identify health problems before they require hospitalization*
 - ❖ *INTERACT II*

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Community Based Care Transition

- *Care transition begins no later than 24 hours prior to discharge*
- *Expect timely interaction between patient and post-acute provider*
- *Comprehensive medication review and management process*

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Community Based Care Transition

- *Focus on readmission rates – 30, 90 and 180 days*
- *Mortality, observation and ER utilization will also be monitored*

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CBCT - INTERACT II

- *Tools*
 - ❖ *Early Warning Tool*
 - ❖ *SBAR Communication*
 - ❖ *Change in Condition File Cards*
 - ❖ *Acute Care Transfer checklist*
 - ❖ *Care Path tools*

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P4P – Value based purchasing

- Scoring based on the following:
- Staffing
 - ❖ RN hours per day
 - ❖ Total licensed nursing hours per day
 - ❖ CNA hours per day
 - ❖ Nursing staff turnover rate

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P4P – Value based purchasing

- Potentially avoidable hospitalizations
- MDS outcomes
 - ❖ Chronic care residents
 - ❖ Post-acute care
 - ❖ Survey deficiencies

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KanCare

- Driven by cuts in Federal Medicaid dollars on the horizon
- Desire to evaluate and improve outcomes
- Need to manage costs of Medicaid program
 - ❖ Reduce hospitalization – ER or readmissions

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KanCare

- *Applicable to almost all providers of service to Medicaid beneficiaries (ICFMR is excluded)*
- *All Medicaid beneficiaries will be assigned to a managed care company chosen*

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PEAK II

- *Changes coming to this incentive – could be more money in future*
 - ❖ *Person centered care/culture change program evaluation*
 - ❖ *Staffing turnover*
 - ✓ *Urban facilities at a disadvantage still*

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PEAK II

- *5 levels*
- *Application and then survey by team*
- *Performance of objectives*
 - ❖ *Meaningful Life*
 - ❖ *Staff empowerment*
 - ❖ *Resident choice*

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Provider response to change

- Evaluate operating costs
 - ❖ Budget for change
- Evaluate beneficiary engagement
 - ❖ Educate residents and families
 - ❖ Encourage healthier choices/exercise
- Evaluate employee engagement
 - ❖ Empower staff
- Use tools suggested in demonstration projects

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Evaluate how actions will change costs

- Can staffing be modified to move to neighborhood/team concept
- Can more universal workers be utilized
- What steps in processes can be eliminated
- What barriers to change need to be removed and will they impact cost

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Evaluate how to report costs

- Medicaid Cost report line number
- Account level
- Department level
- All of the above
- Cost per day basis

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How to evaluate performance

- Benchmarking against
 - ❖ Peers
 - ❖ Last month
 - ❖ Last month/last year
 - ❖ Variable factors – volume changes

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Who Prepares the Budget

- CPA
- Corporate Office
- CFO
- Business Office
- CEO/Administrator
- Department Heads

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Who Prepares the Budget cont'd

- Need input from all departments
 - ❖ Input does not mean they will do what you ask
 - ❖ Monitoring and evaluation are key

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What Factors Are Considered

- Revenues
 - ❖ Occupancy
 - ✓ Competition in area
 - ✓ Renovation/availability of beds
 - ❖ Patient mix
 - ✓ Medicaid – managed care soon
 - ✓ Medicare – Part A and C
 - ✓ Private
 - ✓ Other payers

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What Factors Are Considered cont'd

- Revenues
 - ❖ Reimbursement rates
 - ✓ Medicaid
 - ✓ Medicare
 - ✓ Managed care
 - ✓ ACO
 - ✓ Bundled payments
 - ❖ Collections

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What Factors Are Considered cont'd

- Expenses
 - ❖ Fixed vs. Variable costs - occupancy
 - ❖ Staffing levels
 - ❖ Needed repairs/renovations
 - ❖ Inflation
 - ❖ Ancillary providers

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What Factors Are Considered cont'd

- Demonstration projects
 - ❖ How does resident health impact costs?
 - ❖ What should you be doing to better monitor residents to document provision of quality care?

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Facility Budgets

- *Much more than just taking last years numbers*
- *It is about the residents*

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Reading material

- Management Lessons from Mayo Clinic: Inside One of the World's Most Admired Service Organizations
- The Florence Prescription From Accountability to Ownership

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