NAHC National Conference
602. How to Improve Outcomes While Dealing With Reimbursement Cuts

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Presenters

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  - McBee Associates, Inc.
- Brenda Czado, Director of Home Care Services
  - Androscoggin Home Care & Hospice
Section I: Year 3 Rebasing

- Identify the changes under the HHPPS rebasing model and the impact on home health agency operations and financial outcomes
  - a. Summary of changes coming in 2016
  - b. Data analysis – impact of operational and financial
  - c. Strategies for improved performance

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History of PPS Changes

<table>
<thead>
<tr>
<th>Reimbursement Model</th>
<th>Time Frame</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Based</td>
<td>Up to 1998</td>
<td>The good old days???</td>
</tr>
<tr>
<td>IPS</td>
<td>1998 to 2000</td>
<td>Implementation of cost limits</td>
</tr>
<tr>
<td>PPS</td>
<td>2000 to 2008</td>
<td>Home Health becomes a business</td>
</tr>
<tr>
<td>PPS Refinement</td>
<td>2008 forward</td>
<td>CMS better aligns payment with patient needs</td>
</tr>
<tr>
<td>Therapy Redistribution</td>
<td>2012 forward</td>
<td>CMS shifts reimbursement to balance therapy utilization</td>
</tr>
<tr>
<td>PPS Rebasing</td>
<td>2014 forward</td>
<td>Reset of payment rates based on recent costs and utilization.</td>
</tr>
</tbody>
</table>
2012 Home Health PPS Changes

- Additional reductions to the base payment rate
- Changes to case-mix for therapy redistribution
- Updates to Wage Index Rates
- Removal of Hypertension Diagnosis codes from case-mix

2014 Home Health PPS Changes

- Rebased the standardized 60-day episode payment rate:
  - Reduction of 3.5% in 2014 through 2017
- Case weights recalibrated:
  - Average case weight of 1.346 reset to 1.000 for 2014
- ICD-9 Grouper refinements
  - Removed 170 Dx codes from the grouper (too acute for home health)
Multi-Year Changes

- From 2010 to 2014 Home Health PPS implemented approximately 10% in payment reductions.
- The rate cuts in the 2014 regulations cut the base payment rate 3.5% annually from 2014 to 2017.
  - The cuts over the 4 years amount to an aggregate rate reduction of 14%.

2016 Home Health PPS Changes (Proposed)

- Rate Update
  - Continued Rebasing
  - Revised Case-Mix weights
  - Wage indexes complete CBSA transition to new CBSA designations.
- Value Based Purchasing (pilot)
2016 Home Health PPS Changes (Proposed)

- Rate update
  - Year 3 of 4 on rebasing of payment rates, full 3.5% reduction.
  - 1.72% case mix “creep” reduction in both 2016 & 2017
  - Sequestration reduction of 2% continues into 2016
  - Revised Case-Mix weights for all 153 HHRGs (again)
  - Wage Index completes transition to new CBSAs.
    - Transitional CBSA codes (50xxx) to be eliminated.

Proposed Value Based Purchasing (pilot)

- Financial bonus pool funded by payment reductions
- Performance and outcome standards are established to determine which providers receive bonus payments.
  - Agencies below the standards are left with reduced payments
  - Agencies that outperform the standards receive bonus payments
- CMS model would reduce or increase Medicare payments 5-8% over the 7 year pilot (ending in 2022)
Proposed Value Based Purchasing (pilot)

- First payment years at 5% (2018 and 2019)
  - Hospital VBP puts at risk 1.25% rising gradually to 2.0%
- CMS proposes to use:
  - 10 process measures, 15 outcome measures, and 4 new measures coming from OASIS, Medicare claims data, and HHCAHPS.
- VBP pilot program will be in nine states:
  - Massachusetts, Maryland, North Carolina, Florida, Washington, Arizona, Iowa, Nebraska, and Tennessee

2016 Home Health PPS Changes (Proposed)

- Rate update
  - CMS projects the overall financial impact of the payment rate changes to be a cut of $350 million in 2016.
- Value Based Purchasing (pilot)
  - The VBP pilot program is estimated to reduce overall Medicare spending by $300 million over its term.
Detail of Claims Analyzed

- The data for this analysis was provided by Healthcare Market Resources
- Over 1.3 million Medicare claims were analyzed from 2012 and 2013.
- The tables on the following slides include comparisons and analyses of the actual 2012 payments and the actual 2013 payments.

Total Claim Analysis

<table>
<thead>
<tr>
<th>Total Claim Analysis</th>
<th></th>
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<tbody>
<tr>
<td>2012 Episodes Analyzed</td>
<td>6,656,752</td>
</tr>
<tr>
<td>2013 Episodes Analyzed</td>
<td>6,633,882</td>
</tr>
<tr>
<td>Total 2012 Revenue</td>
<td>$17,837,656,776</td>
</tr>
<tr>
<td>Total 2013 Revenue</td>
<td>$17,780,136,837</td>
</tr>
<tr>
<td>Average Reimbursement 2012</td>
<td>$2,680</td>
</tr>
<tr>
<td>Average Reimbursement 2013</td>
<td>$2,680</td>
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</tbody>
</table>

Data provided by Healthcare Market Resources
## Full Episode PPS Analysis

<table>
<thead>
<tr>
<th>Full Episode PPS Episode Analysis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Episodes Analyzed</td>
<td>6,079,151</td>
</tr>
<tr>
<td>2013 Episodes Analyzed</td>
<td>6,061,278</td>
</tr>
<tr>
<td>Total 2012 Revenue</td>
<td>$17,637,995,709</td>
</tr>
<tr>
<td>Total 2013 Revenue</td>
<td>$17,581,293,265</td>
</tr>
<tr>
<td>Average Reimbursement 2012</td>
<td>$2,901</td>
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<tr>
<td>Average Reimbursement 2013</td>
<td>$2,900</td>
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<tr>
<td>Average Episodic Increase/(Decrease)</td>
<td>($1)</td>
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</table>

## LUPA Analysis

<table>
<thead>
<tr>
<th>LUPA Analysis</th>
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<tbody>
<tr>
<td>2012 Episodes Analyzed</td>
<td>577,601</td>
</tr>
<tr>
<td>2013 Episodes Analyzed</td>
<td>572,604</td>
</tr>
<tr>
<td>Total 2012 Revenue</td>
<td>$199,660,967</td>
</tr>
<tr>
<td>Total 2013 Revenue</td>
<td>$198,843,572</td>
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<tr>
<td>Average Reimbursement 2012</td>
<td>$346</td>
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<tr>
<td>Average Reimbursement 2013</td>
<td>$347</td>
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<tr>
<td>Average Episodic Increase/(Decrease)</td>
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## Full Episode Therapy Report

<table>
<thead>
<tr>
<th>Therapy Visits</th>
<th>0-5</th>
<th>6-13</th>
<th>14-19</th>
<th>20+</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Episodes Analyzed 2012</td>
<td>3,368,069</td>
<td>1,666,065</td>
<td>699,189</td>
<td>345,828</td>
<td>6,079,151</td>
</tr>
<tr>
<td>% of Episodes 2012</td>
<td>55.4%</td>
<td>27.4%</td>
<td>11.5%</td>
<td>5.7%</td>
<td>100.0%</td>
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<tr>
<td>Total Episodes Analyzed 2013</td>
<td>3,262,079</td>
<td>1,714,897</td>
<td>730,569</td>
<td>352,994</td>
<td>6,060,530</td>
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<tr>
<td>% of Episodes 2013</td>
<td>53.8%</td>
<td>28.3%</td>
<td>12.1%</td>
<td>5.8%</td>
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<tr>
<td>2012 Revenue</td>
<td>$7,262,657,874</td>
<td>$5,311,822,676</td>
<td>$3,136,147,679</td>
<td>$1,927,367,480</td>
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<tr>
<td>2013 Revenue</td>
<td>$6,998,214,968</td>
<td>$5,392,537,182</td>
<td>$3,242,022,928</td>
<td>$1,946,305,656</td>
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<tr>
<td>2012 Average Reimbursement</td>
<td>$2,156.32</td>
<td>$3,188.24</td>
<td>$4,485.41</td>
<td>$5,573.20</td>
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<td>2013 Average Reimbursement</td>
<td>$2,145.33</td>
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<tr>
<td>Average Episodic Increase/(Decrease)</td>
<td>($10.99)</td>
<td>($43.71)</td>
<td>($47.74)</td>
<td>($59.49)</td>
<td>($0.81)</td>
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## Full Episode Clinical Domain Analysis

<table>
<thead>
<tr>
<th>Clinical Domain Analysis</th>
<th>C1</th>
<th>C2</th>
<th>C3</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Revenue</td>
<td>$4,038,736,491</td>
<td>$5,832,993,158</td>
<td>$7,766,266,060</td>
<td>$17,637,995,709</td>
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<tr>
<td>2013 Revenue</td>
<td>$4,208,845,160</td>
<td>$5,709,771,367</td>
<td>$7,662,676,738</td>
<td>$17,581,293,265</td>
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<tr>
<td>2012 Episodes</td>
<td>1,555,085</td>
<td>2,083,091</td>
<td>2,440,975</td>
<td>6,079,151</td>
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<tr>
<td>2012 % of Episodes</td>
<td>25.6%</td>
<td>34.3%</td>
<td>40.2%</td>
<td>100.0%</td>
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<tr>
<td>2013 Episodes</td>
<td>1,608,723</td>
<td>2,045,255</td>
<td>2,407,300</td>
<td>6,061,278</td>
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<tr>
<td>2013 % of Episodes</td>
<td>26.5%</td>
<td>33.7%</td>
<td>39.7%</td>
<td>100.0%</td>
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<tr>
<td>2012 Average Reimbursement</td>
<td>$2,597</td>
<td>$2,800</td>
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<tr>
<td>2013 Average Reimbursement</td>
<td>$2,616</td>
<td>$2,792</td>
<td>$3,183</td>
<td>$2,900</td>
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<td>Average Episodic Increase/(Decrease)</td>
<td>$19</td>
<td>$(8)</td>
<td>$1</td>
<td>$(1)</td>
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</table>

## LUPA Clinical Domain Analysis

<table>
<thead>
<tr>
<th>Clinical Domain Analysis</th>
<th>C1</th>
<th>C2</th>
<th>C3</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Revenue</td>
<td>$57,475,734</td>
<td>$69,211,818</td>
<td>$72,973,416</td>
<td>$199,660,967</td>
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<tr>
<td>2013 Revenue</td>
<td>$57,867,428</td>
<td>$68,407,035</td>
<td>$72,569,110</td>
<td>$198,843,572</td>
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<tr>
<td>2012 % of Episodes</td>
<td>28.0%</td>
<td>37.0%</td>
<td>37.0%</td>
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<tr>
<td>2013 Episodes</td>
<td>161,807</td>
<td>198,827</td>
<td>211,970</td>
<td>572,604</td>
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<td>2013 % of Episodes</td>
<td>28.3%</td>
<td>34.7%</td>
<td>37.0%</td>
<td>100.0%</td>
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<tr>
<td>2012 Average Reimbursement</td>
<td>$356</td>
<td>$342</td>
<td>$342</td>
<td>$346</td>
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<tr>
<td>2013 Average Reimbursement</td>
<td>$358</td>
<td>$344</td>
<td>$342</td>
<td>$347</td>
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<tr>
<td>Average Episodic Increase/(Decrease)</td>
<td>$2</td>
<td>$2</td>
<td>$0</td>
<td>$1</td>
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</table>

## Full Episode Functional Domain Analysis

<table>
<thead>
<tr>
<th>Functional Domain Analysis</th>
<th>F1</th>
<th>F2</th>
<th>F3</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Revenue</td>
<td>$2,344,042,291</td>
<td>$10,300,482,074</td>
<td>$4,993,471,344</td>
<td>$17,637,995,709</td>
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<tr>
<td>2013 Revenue</td>
<td>$1,988,104,968</td>
<td>$10,271,456,862</td>
<td>$5,321,731,435</td>
<td>$17,581,293,265</td>
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<tr>
<td>2012 Episodes</td>
<td>1,077,710</td>
<td>3,557,627</td>
<td>1,443,814</td>
<td>6,079,151</td>
</tr>
<tr>
<td>2012 % of Episodes</td>
<td>17.7%</td>
<td>58.5%</td>
<td>23.8%</td>
<td>100.0%</td>
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<tr>
<td>2013 Episodes</td>
<td>923,925</td>
<td>3,594,980</td>
<td>1,542,373</td>
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<tr>
<td>2013 % of Episodes</td>
<td>15.2%</td>
<td>59.3%</td>
<td>25.4%</td>
<td>100.0%</td>
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<tr>
<td>2012 Average Reimbursement</td>
<td>$2,175</td>
<td>$2,895</td>
<td>$3,459</td>
<td>$2,901</td>
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<tr>
<td>2013 Average Reimbursement</td>
<td>$2,152</td>
<td>$2,857</td>
<td>$3,450</td>
<td>$2,900</td>
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<tr>
<td>Average Episodic Increase/(Decrease)</td>
<td>($23)</td>
<td>($38)</td>
<td>($9)</td>
<td>($1)</td>
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</table>
## LUPA Functional Domain Analysis

<table>
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<tr>
<th>Functional Domain Analysis</th>
<th>F1</th>
<th>F2</th>
<th>F3</th>
<th>Totals</th>
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</thead>
<tbody>
<tr>
<td>2012 Revenue</td>
<td>$56,654,331</td>
<td>$101,302,339</td>
<td>$41,704,298</td>
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<tr>
<td>2013 Revenue</td>
<td>$49,780,056</td>
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<td>$43,751,801</td>
<td>$198,843,572</td>
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<td>2012 Episodes</td>
<td>162,175</td>
<td>287,914</td>
<td>127,512</td>
<td>577,601</td>
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<td>2012 % of Episodes</td>
<td>28.1%</td>
<td>49.8%</td>
<td>22.1%</td>
<td>100.0%</td>
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<tr>
<td>2013 Episodes</td>
<td>141,986</td>
<td>297,759</td>
<td>132,859</td>
<td>572,604</td>
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<tr>
<td>2013 % of Episodes</td>
<td>24.8%</td>
<td>52.0%</td>
<td>23.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2012 Average Reimbursement</td>
<td>$349</td>
<td>$352</td>
<td>$327</td>
<td>$346</td>
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<tr>
<td>2013 Average Reimbursement</td>
<td>$351</td>
<td>$354</td>
<td>$329</td>
<td>$347</td>
</tr>
<tr>
<td>Average Episodic Increase/(Decrease)</td>
<td>$2</td>
<td>$2</td>
<td>$2</td>
<td>$1</td>
</tr>
</tbody>
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## LUPA Rate Comparison

<table>
<thead>
<tr>
<th>Service</th>
<th>Full Episodes</th>
<th>LUPA Episodes</th>
<th>Total Episodes</th>
<th>LUPA %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Episodes</td>
<td>6,079,151</td>
<td>577,601</td>
<td>6,656,752</td>
<td>8.7%</td>
</tr>
<tr>
<td>2013 Episodes</td>
<td>6,061,278</td>
<td>572,604</td>
<td>6,633,882</td>
<td>8.6%</td>
</tr>
<tr>
<td>McBee Associates’ Recommendation</td>
<td></td>
<td></td>
<td></td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Data provided by Healthcare Market Resources
Strategies for Improved Performance

- With the expectation of continued cuts, agencies will need to generate new efficiencies to cut costs and preserve margins.
- Agencies with tight operating margins will be squeezed from the market. Expect agency closures and more consolidation of the market.
- The new quality reporting measures will push home health agencies to focus greater attention on the reduction in hospital readmissions.
  - Agencies with low rehospitalization rates will be attractive as the market moves toward bundling/ACO’s

Section II: Best Practices

- Describe the phases of effective episode management
- Describe clinical best practices for home health agency implementation to adapt to the reimbursement cuts of rebasing while continuing to improving outcomes
Episode Management

- Definition of episode management and keys reasons for its implementation
  - Reduce hospitalization rate
  - Improve patient outcomes
  - Evidence-based practice vs usual care

Episode Management (cont.)

- Low utilization management (LUPA)
- Therapy management
- Discipline management
- Other specialty programs that reduce hospitalization rate and improve outcomes
Phases of Episode Management

Understanding best practice in:

- LUPA management
- Therapy utilization
- Discipline utilization

LUPA Management Implementation

- **FIRST STEP:** Episode management education to all staff: What is a LUPA and are outcomes often poor?

- Process of episode review:
  - Weekly report for proactive review of all episodes of care
  - Operational processes/triggers applied to these episodes
  - Weekly conference calls where episodes are discussed
Low Utilization (LUPA) Management

Operational processes/best practice examples

- Front loading of chronic disease and surgical aftercare episodes
- Cancelled visits rescheduled and completed within 24 hours
- Nursing services ordered in therapy only episodes based on clinical triggers

Therapy Management Implementation

- FIRST STEP: Therapy management education provided to all staff: Functional need triggers and why these services should not be an option.
- Process of therapy review:
- Weekly report provided for drill down on OASIS scoring
- Weekly conference calls focus on functional need at SOC, ROC and recertification
Therapy Management

Best Practice Examples: Physical Therapy (PT)

- Request orders for PT evaluation when HHRG score documents functional need (F2/F3)
- Front load episodes of care for total joint diagnoses and surgical aftercare
- Request orders for nursing in a rehab only episode when patient HHRG score is C3

Best Practice Examples: Occupational Therapy (OT):

- When utilizing HH aides, order OT to help patient improve independence in care

Speech Therapy (ST):

- Consider ST for more than swallowing issues such as post- medication toxicity or drug overdose
Discipline Management

FIRST STEP: Discipline management education for all staff. Focus on services that should be provided by:

- Registered Nurse
- Therapists (PT, OT, ST, PTA)
- Medical Social Worker
- Home Health Aides

*Communication is vital between the team, no working in silos*

Discipline Management

Best Practice Examples:

- Therapy collaboration- OT and PT
- Uses of HHA to support skilled staff when there are refusals or delays
- Chronic disease visit guidelines for staff based on evidence-based practice
- Enhanced use of MSW
Advanced Phase of Episode Management

- Internal reporting, external reporting
- Scorecards for locations and teams
- Scorecards for clinicians
- Trending of ACH rates
- Trending of patient outcomes and completion of appropriate plan of care

Disease Management (DM):
Outcome-Based Home Care

- Definition of disease management and reasons for implementation:
  - improvement in clinical, operational, and financial outcomes
  - Effect on acute care hospitalization rate
**Disease Management**

- Primary chronic disease that responds well to care management
- Effect on patients, staff, and referral sources
- Case manage for the best possible outcome for the patient

---

**Additional Best Practice Initiatives**

Programs to help reduce care variance and reduce acute care hospitalization:

- Falls prevention programs
- Hospital liaison training
- Care pathways for specific chronic diseases outlining what each discipline should cover in plan of care
Section III: Episode Management Application

- Demonstrate how using best practice guidelines impacted our care delivery
  
  - Problem identification
  
  - Short term results
  
  - Longer term expectations

Rationale for Engagement

- LUPA rate consistently > 12%
  
  - Failed internal initiatives
  
  - Low utilization of therapies
  
  - Fully utilize HHRG and MAHC 10 scores
Commitment From All Levels

- Senior leadership
- Supervisor expectations
- Presentation to staff critical
- Other agency programs

Baseline Data

- Engagement December 2013
- LUPA data used from 2013
- Ended FY 2013 at 12.7%
Results: Just the Numbers

- May 2014 varied 7-9% (average 9%)
- December 2014 varied 7-11% (average 9.5%)
- May 2015 varied 8-10% (average 9%)

Issues Impacting Results

- Poor therapy staffing (wait lists)
- Nursing staff shortage (open positions & increased volume)
- New staff to orient
- Poor transition from homecare to hospice
- Staff “ask” rather than “deliver” POC
Outcomes of Issue Resolution

- Therapy FTEs: 29 FTEs to 44 FTEs plus per diem
- New staff oriented
- Much improved communication with transfers to hospice
- Overall “less refusals” for added disciplines (presentation to patient key)

Episode Management Recommendations

- Operational processes—MOST CRITICAL

- Promote “episode management” (not LUPA management), and improvement in patient care

- Consistent message to staff
Examples of Operational Processes

- Make up missed visits in 24-48 hours
- Front loading
- Therapy triggers
- Transition to hospice

Operational Design

- Weekly calls between McBee Associates clinical consultant and clinical supervisor of each team
- Weekly project lead calls to review variances to operational processes and get feedback
- Supervisors and management get weekly reports to follow progress and intervene as needed
- Therapy coordinator involvement in all calls possible
Outcome Results

- Maintained above NDB except two areas
- Other initiatives on going to impact outcomes
- Increased patient satisfaction

Long Term Expectations

- Continuous episode management
- Ongoing review by supervisors
- Operational processes “way of life”
- Staff accountability
Contact Us

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  - brenda.czado@ahch.org, 207-795-9300