HOMECARE & HOSPICE
National Association for Home Care & Hospice

HHFMA
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602. How to Improve Outcomes While Dealing With Reimbursement Cuts

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MCB
HEALTH CARE FINANCIAL AND MANAGEMENT CONSULTANTS
McBee Associates, Inc.

Presenters

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2

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

3

History of PPS Changes

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

4

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

5

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)

6

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%.

7

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)

8

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.

9

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)

10

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

11

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.

12

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.

13

Total Claim Analysis

Total Claim Analysis	
2012 Episodes Analyzed	6,656,752
2013 Episodes Analyzed	6,633,882
Total 2012 Revenue	$17,837,656,776
Total 2013 Revenue	$17,780,136,837
Average Reimbursement 2012	$2,680
Average Reimbursement 2013	$2,680

Data provided by Healthcare Market Resources

14

Full Episode PPS Analysis

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

15

LUPA Analysis

LUPA Analysis	
2012 Episodes Analyzed	577,601
2013 Episodes Analyzed	572,604
Total 2012 Revenue	$199,660,967
Total 2013 Revenue	$198,843,572
Average Reimbursement 2012	$346
Average Reimbursement 2013	$347
Average Episodic Increase/(Decrease)	**$1**

16

Full Episode Therapy Report

Therapy Visits	0-5	6-13	14-19	20+	Totals
Total Episodes Analyzed 2012	3,368,069	1,666,065	699,189	345,828	6,079,151
% of Episodes 2012	55.4%	27.4%	11.5%	5.7%	100.0%
Total Episodes Analyzed 2013	3,262,070	1,714,897	730,569	352,994	6,060,530
% of Episodes 2013	53.8%	28.3%	12.1%	5.8%	100.0%
2012 Revenue	$7,262,657,874	$5,311,822,676	$3,136,147,679	$1,927,367,480	$17,637,995,709
2013 Revenue	$6,998,214,968	$5,392,537,182	$3,242,022,928	$1,946,305,656	$17,579,080,733
2012 Average Reimbursement	$2,156.32	$3,188.24	$4,485.41	$5,573.20	$2,901.39
2013 Average Reimbursement	$2,145.33	$3,144.53	$4,437.67	$5,513.71	$2,900.58
Average Episodic Increase/(Decrease)	**($10.99)**	**($43.71)**	**($47.74)**	**($59.49)**	**($0.81)**

17

Full Episode Clinical Domain Analysis

Clinical Domain Analysis	C1	C2	C3	Totals
2012 Revenue	$4,038,736,491	$5,832,993,158	$7,766,266,060	$17,637,995,709
2013 Revenue	$4,208,845,160	$5,709,771,367	$7,662,676,738	$17,581,293,265
2012 Episodes	1,555,085	2,083,091	2,440,975	6,079,151
2012 % of Episodes	25.6%	34.3%	40.2%	100.0%
2013 Episodes	1,608,723	2,045,255	2,407,300	6,061,278
2013 % of Episodes	26.5%	33.7%	39.7%	100.0%
2012 Average Reimbursement	$2,597	$2,800	$3,182	$2,901
2013 Average Reimbursement	$2,616	$2,792	$3,183	$2,900
Average Episodic Increase/(Decrease)	**$19**	**($8)**	**$1**	**($1)**

18

LUPA Clinical Domain Analysis

Clinical Domain Analysis	C1	C2	C3	Totals
2012 Revenue	$57,475,734	$69,211,818	$72,973,416	$199,660,967
2013 Revenue	$57,867,428	$68,407,035	$72,569,110	$198,843,572
2012 Episodes	161,649	202,329	213,623	577,601
2012 % of Episodes	28.0%	37.0%	37.0%	100.0%
2013 Episodes	161,807	198,827	211,970	572,604
2013 % of Episodes	28.3%	34.7%	37.0%	100%
2012 Average Reimbursement	$356	$342	$342	$346
2013 Average Reimbursement	$358	$344	$342	$347
Average Episodic Increase/(Decrease)	**$2**	**$2**	**$0**	**$1**

19

Full Episode Functional Domain Analysis

Functional Domain Analysis	F1	F2	F3	Totals
2012 Revenue	$2,344,042,291	$10,300,482,074	$4,993,471,344	$17,637,995,709
2013 Revenue	$1,988,104,968	$10,271,456,862	$5,321,731,435	$17,581,293,265
2012 Episodes	1,077,710	3,557,627	1,443,814	6,079,151
2012 % of Episodes	17.7%	58.5%	23.8%	100.0%
2013 Episodes	923,925	3,594,980	1,542,373	6,061,278
2013 % of Episodes	15.2%	59.3%	25.4%	100.0%
2012 Average Reimbursement	$2,175	$2,895	$3,459	$2,901
2013 Average Reimbursement	$2,152	$2,857	$3,450	$2,900
Average Episodic Increase/(Decrease)	**($23)**	**($38)**	**($9)**	**($1)**

20

LUPA Functional Domain Analysis

Functional Domain Analysis	F1	F2	F3	Totals
2012 Revenue	$56,654,331	$101,302,339	$41,704,298	$199,660,967
2013 Revenue	$49,780,056	$105,311,715	$43,751,801	$198,843,572
2012 Episodes	162,175	287,914	127,512	577,601
2012 % of Episodes	28.1%	49.8%	22.1%	100.0%
2013 Episodes	141,986	297,759	132,859	572,604
2013 % of Episodes	24.8%	52.0%	23.2%	100.0%
2012 Average Reimbursement	$349	$352	$327	$346
2013 Average Reimbursement	$351	$354	$329	$347
Average Episodic Increase/(Decrease)	**$2**	**$2**	**$2**	**$1**

21

LUPA Rate Comparison

Service	Full Episodes	LUPA Episodes	Total Episodes	LUPA %
2012 Episodes	6,079,151	577,601	6,656,752	8.7%
2013 Episodes	6,061,278	572,604	6,633,882	8.6%
McBee Associates' Recommendation				5-7%

Data provided by Healthcare Market Resources

22

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 rehospitilization rates will be attractive as the market moves toward bundling/ACO's

23

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

24

Episode Management

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

25

Episode Management (cont.)

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

26

Phases of Episode Management

Understanding best practice in:

- LUPA management
- Therapy utilization
- Discipline utilization

27

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

28

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

29

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

30

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

31

Therapy Management

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

32

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*

33

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

34

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

35

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

36

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

37

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

38

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

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51