

TOP 5 STRATEGIES FOR MANAGING POST-ACUTE CARE

Want to develop a strategic advantage in the market? A tightly managed post-acute care program can help you achieve it.

Why is Post-Acute Care Management important for Medicare Advantage plans?



\$1 out of \$4

Post-acute care accounts for \$1 out of every \$4 spent by Medicare Advantage plans¹



\$41.3 Billion

In 2014, readmissions cost the healthcare system \$41.3 billion³



20-25%

Approximately 20-25 percent of post-acute spend can be eliminated through better management²



\$17.5 Billion

Payers absorb \$17.5 billion in wasteful spending while patients face unnecessary medical risks and costs⁴

1 NETWORK MANAGEMENT



Medicare per capita costs are greater in the South, Midwest, and Mid-Atlantic. This is the result of high utilization rather than cost variation.⁵

For Consideration:

- Implement a preferred network, based on cost and quality evaluations.
- Optimize through streamlined coordination and transitions between care providers (e.g., hospital to Skilled Nursing Facility (SNF), SNF to home health).
- Align financial incentives across network providers.

CareCentrix estimates that an optimized network strategy may result in up to 5% savings, depending on the strategies implemented.



2 APPROPRIATE SETTING FOR CARE

\$3K vs. \$9K

According to a MedPAC report, the average cost to heal from a hip procedure in a Skilled Nursing Facility (SNF) is 3x more expensive than healing at home with health support.⁶

For Consideration:

- A 3-year study by Dobson DaVanzo and Associates discovered significant differences in costs for Medicare patients depending on their first setting post-discharge.
- Use pre-discharge coordination and analytics to determine the level of intensity that a patient needs to heal effectively, including where a “home first” approach is possible.⁷

CareCentrix estimates that approximately 50% of patients who have a knee or hip replacement recover in a SNF, but of these, 23% have no comorbid conditions and may be candidates for healing at home.



3 LENGTH OF STAY MANAGEMENT

17-20%

Approximately 17-20 percent of patients with post-acute care needs would benefit from a SNF stay. The key is to manage how long the patient should remain in SNF care.⁸

For Consideration:

- According to a recent report prepared for the Centers for Medicare & Medicaid Services (CMS), SNF length of stay dropped 1.3 days when orthopedic patients were in the Bundled Payment program.
- Reimbursement rates affect SNF length of stay rather than clinical need alone.⁹

CareCentrix estimates that managing length of stay to optimal levels may save 10-15% of total post-acute care costs.



4 READMISSIONS PREVENTION

76%

MedPAC and a study by Jencks et al. estimates that 17-20% of Medicare patients discharged from the hospital were readmitted within 30 days. Among these, it's estimated that 76% were avoidable and were associated with \$12 billion in Medicare spend.^{10,11}

Who's most at-risk?

Patients who have:

- Been discharged without ANY home health orders.
- Been in the hospital for more than 7 days, or have been readmitted at least 2x in the past 6 months.
- High number of medications (>8) and have multiple services prescribed.¹²

Through a combination of provider coordination, post-discharge support, and medication management, a CareCentrix client experienced nearly 40% reduction in readmissions.



5 FRAUD, WASTE, AND ABUSE MINIMIZATION

\$60 Billion

Of the \$554 billion paid to providers through Medicare in FY 2014, CMS estimates that about 10%, or \$60 billion was paid improperly.¹³

For Consideration:

In original Medicare, over 16% of nursing home visits are improperly paid, and some items of DMEPOS (Durable Medical Equipment, Prostheses, Orthotics and Supplies) have improper payment rates of over 50% (e.g., Lower Limb Orthoses are paid improperly 69.6% of the time).¹⁴

CareCentrix estimates that up to 10% of many plans' post-acute care spend may suffer from inflated pricing and services. Aggressive oversight can recover up to 8% of the total.



CareCentrix has developed an integrated approach to post-acute care management that is patient-focused, home-centric when appropriate, and fills the gaps between fragmented services.

The approach identifies the best path for the patient's care, engages the highest-performing providers, intervenes for patients most at-risk for readmissions, and connects providers, patients, and caregivers through our proprietary HomeBridgeSM technology.

1. Additional inpatient spending (Medicare) from readmissions, <http://www.academyhealth.org/files/2012/sunday/brennan.pdf> 2. CareCentrix estimate. 3. <http://www.fiercehealthfinance.com/story/readmissions-lead-413b-additional-hospital-costs/2014-04-20>. 4. Medpac. Report to Congress: Promoting Greater Efficiency in Medicare. Payment Policy for Inpatient Readmissions. June, 2007. 5. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/CMS-Dashboard-Geographic-Variation-Dashboard.html> 6. Carter et al. Issues related to risk adjusting payments for bundled services. MedPac, October 8, 2010. 7. A. Dobson et al., "Clinically Appropriate and Cost-Effective Placement: Improving Health Care Quality and Efficiency," www.ahhqi.org, October 2012. 8. Internal CareCentrix Data. 9. Lewin Group. CMS Bundled Payments for Care Improvement Initiative Models 2-4: Year 2 Evaluation & Monitoring Annual Report. Rep. N.p., Aug. 2016. Web. 10. MedPAC, Payment policy for inpatient readmissions, in Report to the Congress: Promoting Greater Efficiency in Medicare. 2007: Washington D.C. p. 103-120. 11. Jencks, S.F., M.V. Williams, and E.A. Coleman, Rehospitalizations among Patients in the Medicare Fee-for-Service Program. New England Journal of Medicine, 2009. 360(14): p. 1418-1428. 2 Ibid. 12. CareCentrix Internal Data. 13. Government Accountability Office, Additional Actions Needed to Improve Eligibility Verification of Providers and Suppliers, (June 2015). 14. The Supplementary Appendices for the Medicare Fee-for-Service 2016 Improper Payments Report., 2016. Web.