Bringing Healthcare Reform into Focus Part 2

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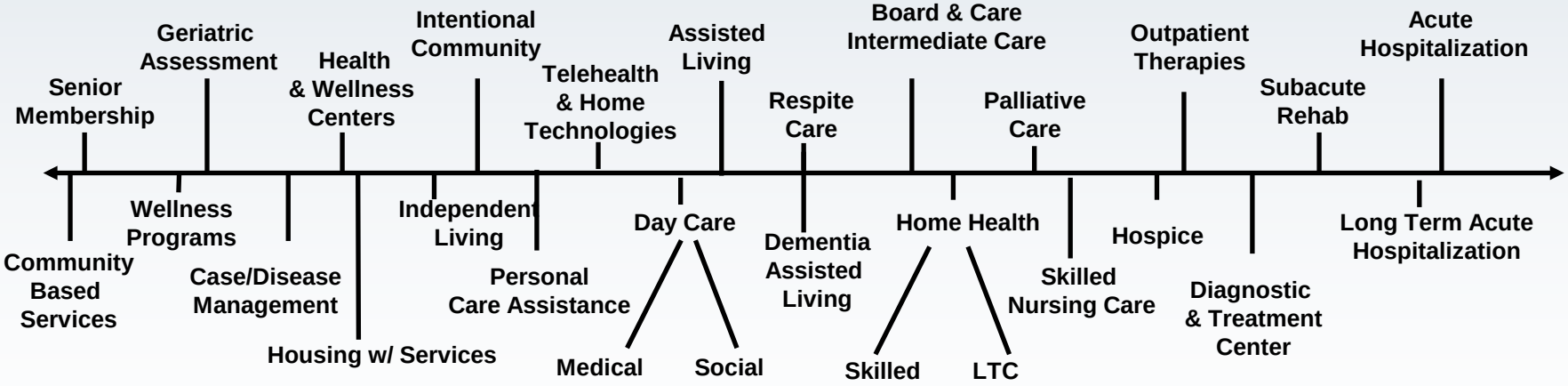
HOW ARE PROVIDERS RESPONDING?

The World We Live In…

The Field Of Aging Services Is Evolving

Today's Spectrum of Services



Source: Adapted from previous Greystone and LarsonAllen LLP presentations

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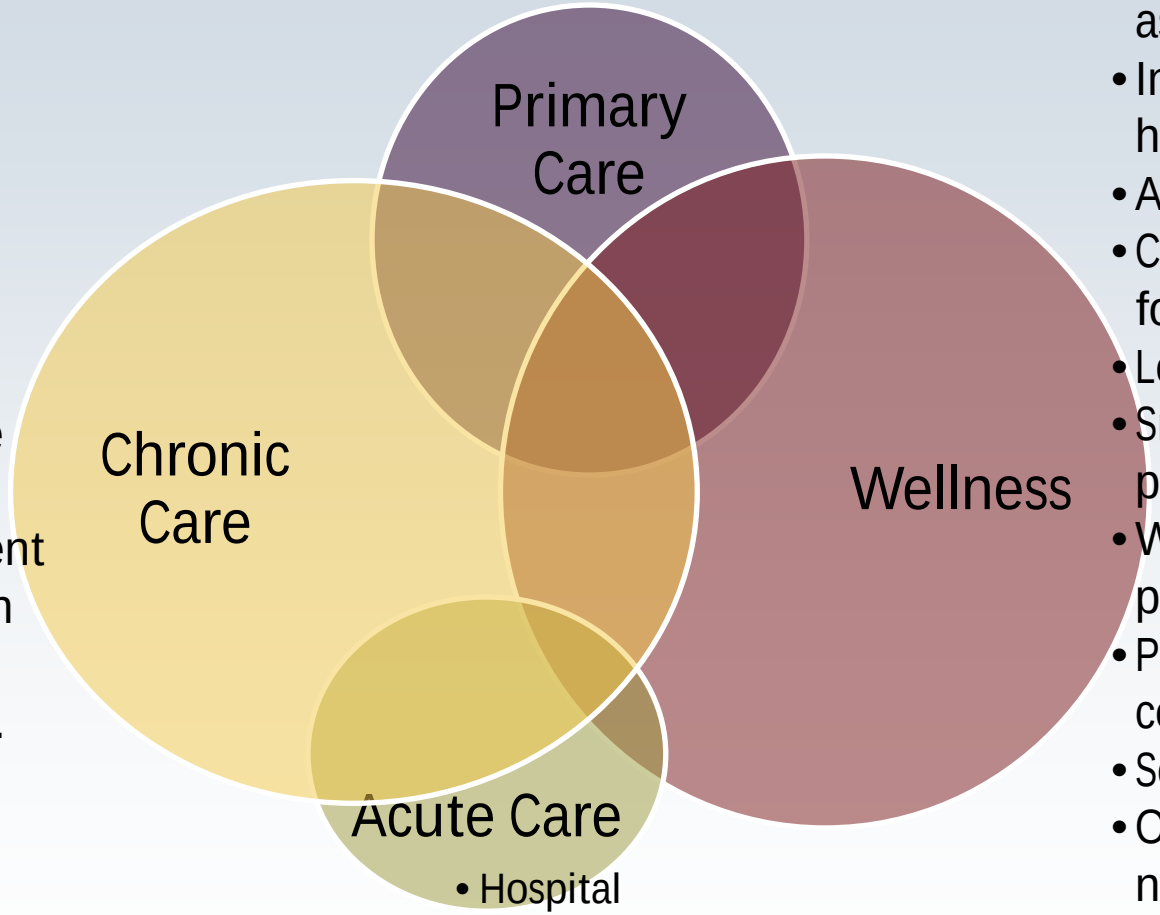
Reformed Health System – Service Delivery

- Home care
- SNF
- Assisted Living
- Hospital
- Physician office
- Group visits
- Self management
- RN, Care Coach
- Online/social networking (e.g. diabetes group)
- Telehealth monitoring



- Hospital
- SNF
- At Home
- Telehealth

- Health risk assessment
- Independent senior housing
- Adult day programs
- Community clinic for vaccines
- Local fitness center
- Smoking cessation program
- Weight loss program
- Personal wellness coach
- Senior Center
- Online social networking groups/tools
- Labs, diagnostics

What's Next?

Of late, a lot of people seem to keep asking the same things:

"What's the next BIG thing in healthcare reform?"

or

"What should we be doing next?"

Focus on Quality

Outcomes and Measurement, My Brothers & Sisters.

<u>Here's why:</u>

As home-based service providers, we received our business through either (a) the referral of others, or (b) consumers directly.

<u>BOTH</u> are intensely focused on quality and affordability.

What are Hospitals & Health Systems Doing?

- **Hospitals and health systems are preparing for respond in a number of ways:**
  1. Building physician networks to better control the primary care end of healthcare and ensure volume in the acute setting
  2. Investing in technologies to manage patients more effectively along a continuum of care – EMR/EHR
  3. Developing (or buying) select or preferred organizations to manage patients after discharge

Think: Where can I fit to this process?

Think: Where might my organization have an advantage?

QUESTION: What have you seen or heard in your market?

What are the Pioneer ACOs Doing?

- **Many of the Pioneer ACOs are focused right now in two major tasks:**
  1. **Attribution** – sorting out which Medicare beneficiaries may be "IN" or "OUT' of the ACO.
  2. **Physician Participation** – figuring out which primary care physicians are going to participate**.**

<u>Secondarily</u>

Some are still sorting out IT/EMR issues, quality management, communication and so on.

Post-acute care and community-based care, while recognizably important, is not far up on the priority list for many ACOs, or hospitals.

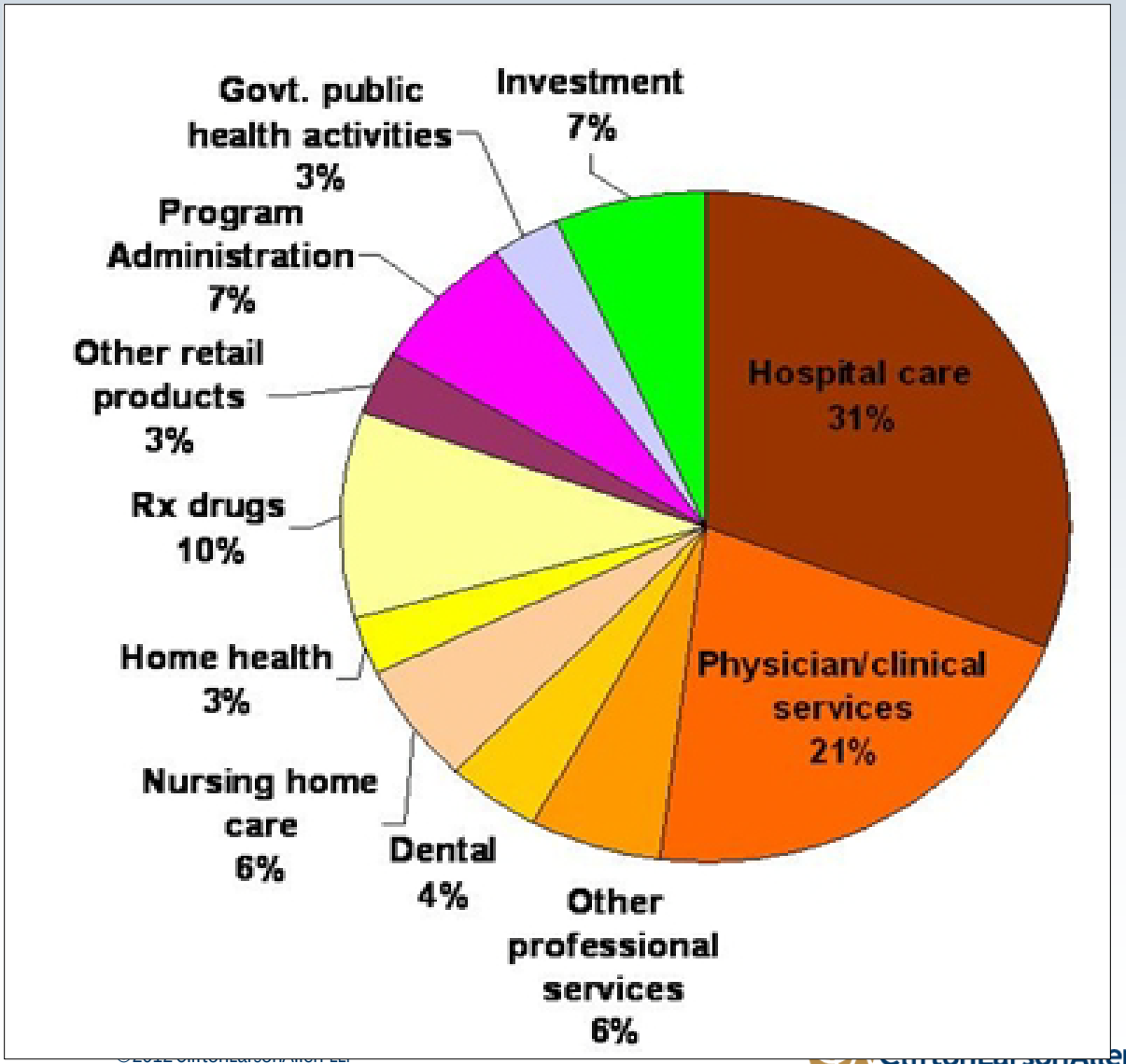
Why Isn't Home Care a Burning Issue?

Here's Why:

Home health and home care-delivered services account for a very small fraction of the total healthcare dollar in any given market.

They'll get to us.

Will you be ready?



What are Skilled Nursing Facilities doing?

- **Nursing facilities, much like are you, are responding to the folks who feed them and the patients who self-select:**

  1. Developing protocols and systems to manage clinically-intense patients, reduce readmits and improve outcomes overall.
  2. Investing in outcome measurement systems, staff clinical skill, technology, and upgraded physical plants.
  3. Seeking (or buying) potential partners to help manage their discharges in the community – tooling up for bundled payment.

QUESTION: Any SNF buzz in your backyard?

Skilled Nursing Provider of Choice

Low/no hospital readmissions

Meaningful Use of Electronic Health Record

Past success partnering with other providers

High Quality

- Top of Class in Nursing Home or Home Health Compare
- High patient satisfaction
- Robust continuous quality improvement
- Innovative care delivery approaches
- Good community reputation

Demonstrated patient/ resident-centered approach to care

Cost of Care is lowest in comparison to peers with comparable quality.

What are Senior Living providers doing?

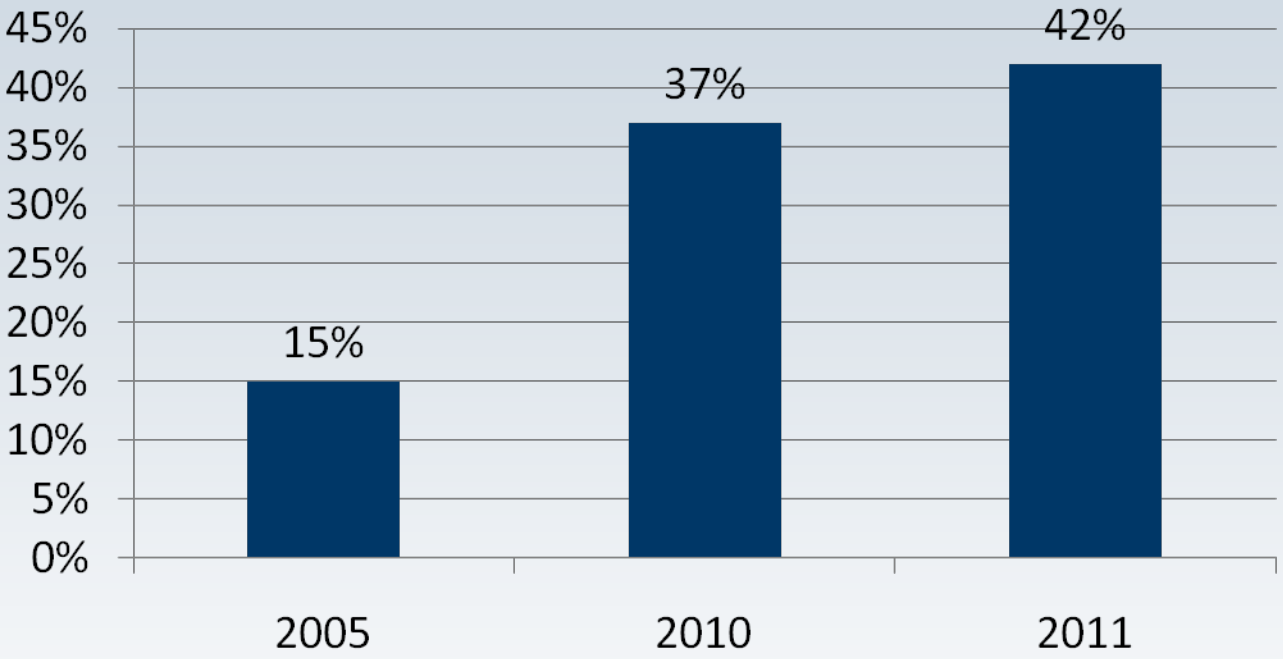
- **Senior Living and Housing organizations (bricks & mortar types) vary a lot by market around the country.**
  1. A lot of their responses hinge the presence of a SNF in their continuum.
  2. For others, organizations are exploring ways to either (a) extend their scope into the community, or (b) develop aging in place models for their residential settings.
     - *Either scenario represents an opportunity or a threat for current home care providers.*

Home care and community-based service has seen considerable growth in senior housing organizations over the last 10 years.

QUESTION: Have you been approached or have you approached any senior housing organizations?

An increasing number of the largest Senior Living organizations are offering some form of home and community based services

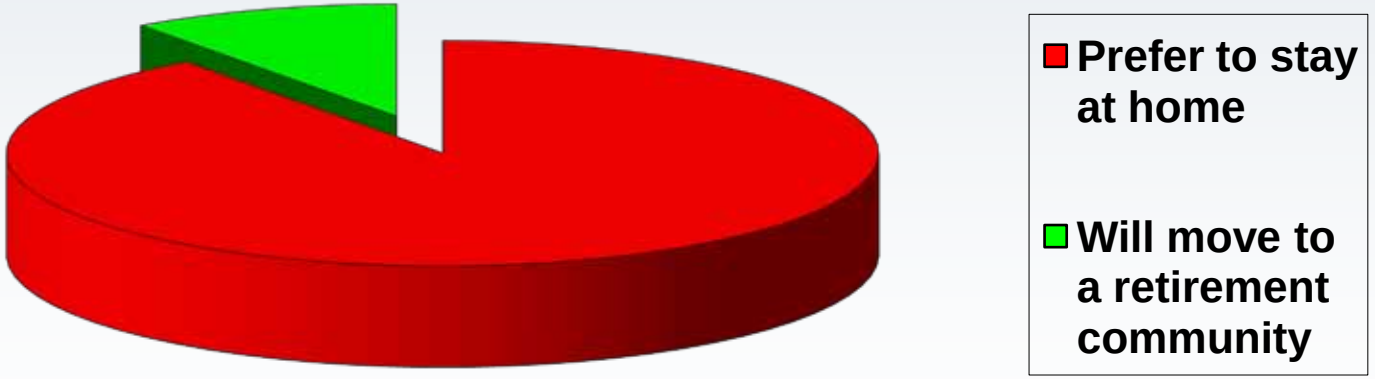
Leading Age Members Offering H&CBS



- 600 Adult Day
- 216 Home Health
- 100 Hospice
- 85 private duty
- 50 meals on wheels
- 59 congregate meals
- 32 PACE
- 91 transportation
- 5 AAAs

What Are Consumers Doing?

- **A lot of older adults don't want to leave their home…**
  - According to an AARP survey in November 2010, 78% of Age 65 and older respondents "Strongly Agree" with a desire to remain in their current residence for as long as possible.



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Evolving Options & Models

- While every customer is unique and comes to senior housing for different reasons, there are typically two common drivers:

Socialization

To be in an age comparable environment with individuals of similar interests and backgrounds

Service Need

To receive assistance that empowers independence or quality of life

Senior housing providers are starting to evolve to address these drivers – *thinking beyond shelter!*

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Some Interesting Facts…

- Results from the 2010 Census are not yet fully available, but we know three things already:
  1. People are living longer
  2. Seniors age 65 to 85 are healthier than they've ever been before
  3. Rates (or incidence) of disability are declining

What does this mean for senior housing providers?

A variety of seniors may require a greater "variety" of housing.

Transitions to senior housing may occur later (think age 85+).

Demand for service in the home will likely occur more.

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Declines in Net Income and Net Worth: Confidence in Savings

Confidence in Having Enough Money to Live Comfortably Throughout Retirement, 2007-2011

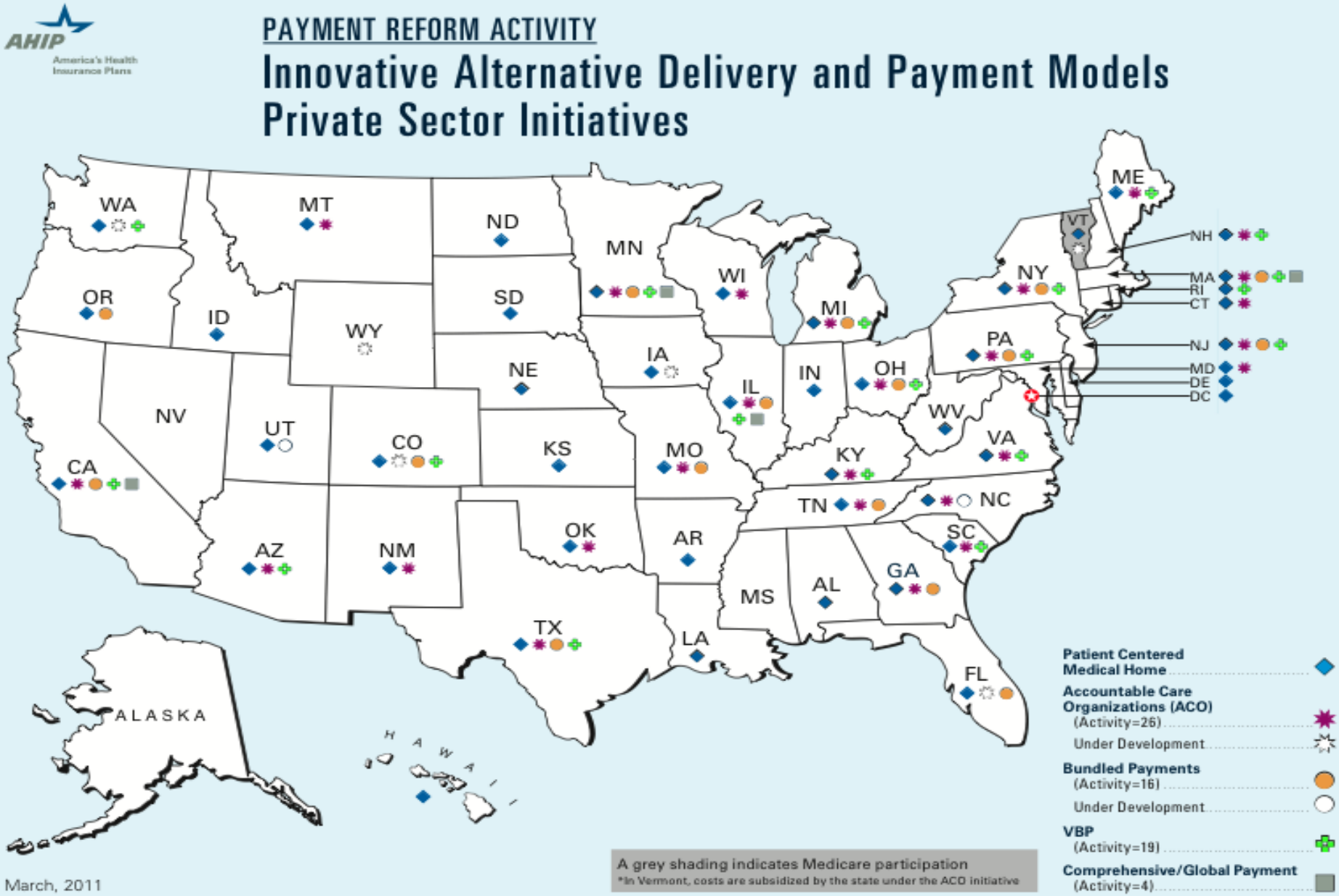
	2007	2008	2009	2010	2011
Very Confident	27%	18%	13%	16%	13%
Somewhat Confident	43%	43%	41%	38%	36%
Not Too Confident	19%	21%	22%	24%	23%
Not at All Confident	10%	18%	22%	22%	27%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2011

Additionally, 31% of those who said they have not saved for retirement feel *very or somewhat* confident that they will have a comfortable retirement.

Source: 2011 Retirement Confidence Survey Fact Sheet Saving for Retirement in America, March 2011, Employee Benefit Research Corporation

Private Sector Geographic Payment Reform Activity



So What Does All of This Mean?

While none of us has a perfect crystal ball, here are some of the expectations for the next few years:

1. We expect a decline in hospitalizations by up to 30% over the next ten years.
2. More care will likely move to home care & SNF; it is likely that remaining post-acute volume will be spread across fewer providers.
3. Bundled payments will change models of care, reduce length of stay, increase integration before & after services & change relationships w/ physicians
4. Volume of "care" provided in typically "residential" settings (like AL or even IL) will likely increase or be absorbed by home care providers.

GETTING READY TO RESPOND

Strategies for Home Care Organizations


“In the middle of difficulty lies opportunity”
- Albert Einstein

Responding to Reform

The BIG Picture

Decide: lead, follow, resist

Prepare to assume risk

Use technology better

Align providers interests

Connect quality to value

Build new relationships

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Responding to Reform

What are the acute providers doing?

Health systems are preparing their organizations for reimbursement changes.

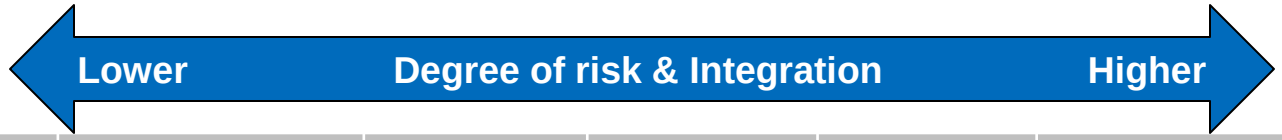
Four broad areas have been identified through the HFMA Value Project:

- ***People & Culture***
- ***Business Intelligence***
- ***Performance Improvement***
- ***Contract & Risk Management***

Capabilities	Focus Area	Fee for Service	Performance Based Payment	Payment Penalties	Episode of Care	Chronic Care Mgmt	Population Health
Area #1 People and Culture	***Culture***	Learning Culture	Leading with Quality			Mgmt of Illness	Clients Engaged
	Mgmt & Governance	Informal Dr. Leadership	Formal Acute-Care Dr Leadership		Communities of Practice		
	Operations	Department Structure		Episode Product Lines		Cross Sites of Service	Community Collaboration
	Performance and Pay	Productivity Based		Outcomes Based			

How would we redefine the People & Culture systems, data and processes for Home Health & Home Care Services?

Source: Adapted from HFMA's Value Project: Value in Health Care: Current State and Future Directions; Final Report; accessed via the web; October, 2011; pg 29.



Capabilities	Focus Area	Fee for Service	Performance Based Payment	Payment Penalties	Episode Bundling	Chronic Care Mgmt	Population Health
Business Intelligence	***Financial Reporting & Costing***	Procedure Metrics		Activity Level	Time Specific	Per Member Per Month	
	Quality Reporting	Core Measures	Process Measures	Outcome Measures		Condition Measures	Population Indicators
	Business Case	Supply/Drug & Productivity		Med/Surg Interventions		Lifestyle Interventions	
	Decision Support Systems	Financial Data	Quality Data	Ambulatory Indicators	Claims & Drugs Info	Health Risk, Predictive Modeling, etc.	

How would we redefine the Business Intelligence information and processes for Home Health & Home Care Services?

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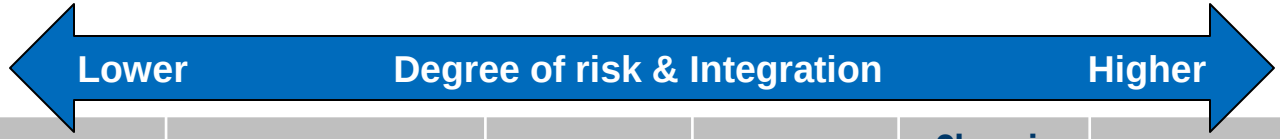

Capabilities	Focus Area	Fee for Service	Performance Based Payment	Payment Penalties	Episodes of Care	Chronic Care Mgmt	Population Health
Performance Improvement	***Process Design***	Identify Variability	Increase Reliability w/in Clinical Value Bundles		Optimizing Care Pathways across Sites of Services		
	Evidence-Based Medicine	Increasing Patient Safety	Developing Clinical Care Bundles			Manage Conditions	Improve Wellness
	Stakeholder Engagement	Creating Transparency		Informing Patient Alternatives		Developing Accountability	

How would we redefine the Performance Improvement processes and data for Home Health & Home Care Services?

Source: Adapted from HFMA's Value Project: Value in Health Care: Current State and Future Directions; Final Report; accessed via the web; October, 2011; pg 29.

Capabilities	Focus Area	Fee for Service	Performance Based Payment	Payment Penalties	Episodes of Care	Chronic Care Mgmt	Population Health
Contract & Risk Management	***Contract Management***	Negotiating Pricing	Balancing Cost & Quality Aims		Network Development Fund Distribution		
	Risk Modeling & Management	Profit & Loss Analysis	Estimating Exposure			Predicting Outcomes	

How would we redefine the Contract & Risk Management processes and data for Home Health & Home Care Services?

Source: Adapted from HFMA's Value Project: Value in Health Care: Current State and Future Directions; Final Report; accessed via the web; October, 2011; pg 29.

Evolving Tools to Track and Trend Data

- **To become value-based providers, we must develop platforms for both capturing and trending outcome data.**
  - Better surveillance tools to monitor readmission issues, identify high-risk patients and establish protocols for intervention
  - Effective surveys or consumer interfaces to gather real-time (or near-to-real-time) data about patient perceptions of care, patient satisfaction and quality

Consumer Perception IS Reality!

Growing Clinical and Patient Management Skill

- **For many of us, growing clinical skill will require new ways of thinking and clinical training.**
  - Developing more clinical pathways for common patient types, like CHF, COPD, Pneumonia, Stroke and other diagnoses.
  - Increasing or evolving current physician strategies to support around-the-clock coverage
  - Adopting or evolving evidence-based protocols to better manage high-acuity patients
  - Evolving to or partnering with others to provide post-discharge management: CareTransitions, Coaching or geriatric care management.

Continuum Management of Patients

- **Senior care in the future will be tied less to "locations" and more to "services".**
  - In effect, bricks-and-mortar providers will be looking to evolve beyond their real estate to extend their reach.
  - Evolving community continuums will emphasize home and community-based services to keep people health and independent at home.
  - Organizations are approaching continuum management through two general approaches:
    1. "Own" a continuum through internal development of services
    2. "Partner" a continuum through relationships with other, similar community-oriented organizations

Relationships Are Mandatory Going Forward

- **Growing new relationships sometimes poses a challenge for us, and you can't be an island in the future.**
  - What is the role and function of business development in your organization?
  - How well do you really KNOW your major referring organizations? Who really holds the relationships?
  - Are there other providers with whom you can collaborate or partner?
  - With whom are you willing to share risk?

NUTS & BOLTS

Jumping into the Pool

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You want to jump into the pool?

Up to Your Knees, or Up to Your Neck?

Ask Yourself:

How Far Do You Want to Get In?

What is your current business strategy?

What types of patients do you currently manage?

What is your level of diversification?

Do you have capacity to grow or expand?

Can you partner or affiliate with others?

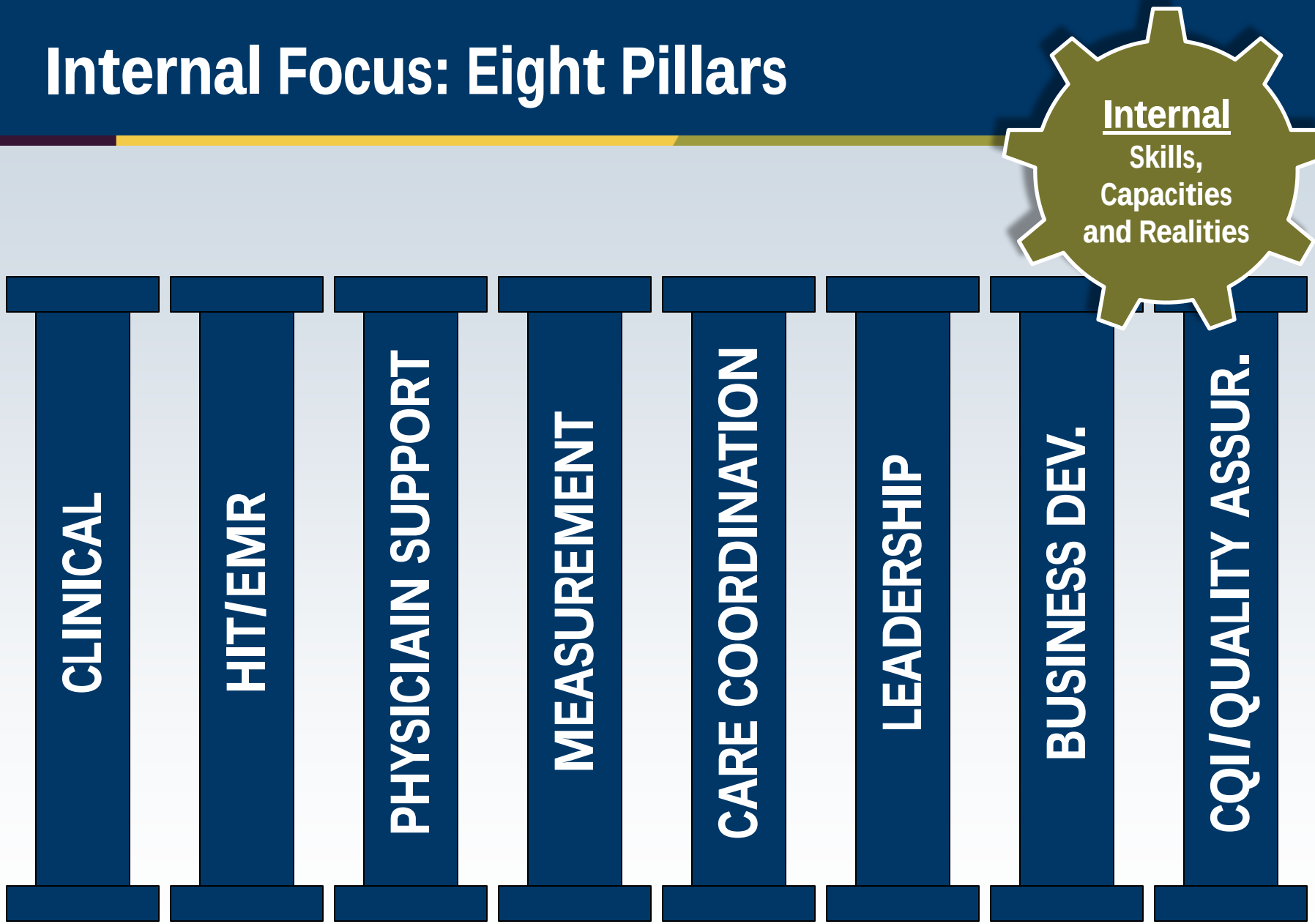
Do you have **energy** to take it all on?

Up to Your Neck…

Let's Assume You're In…

That Means Focused Work in Two Major Areas:

Internal Focus: Eight Pillars



For Instance…

You Must Consider or Evaluate:

- What are the current core skills or in-house expertise
- Patient types that are “In” or “Out”?
- How are you using evidence-based practice?
- Staff training and education practices?
- Existing written clinical pathways or needed clinical pathways?
- What are the clinical decision support tools?
- Communication tools (staff & patient)?
- Structure and scope of clinical department?
- Tools/practices for patient risk assessment or evaluation?
- Process/practices for patient engagement or care management?
- Team processes related to reporting?

External Focus: Four Quadrants

Volume Suppliers
Hospitals & Systems
ACOs
Payors
Bundlers

Potential Partners
Other HCBS Organizations
Bricks & Mortar Types
Physicians
Sole Practitioners

YOU

Distinct Competitors
Other Providers
Emerging Services
Family Caregivers

Change Forces
State & Federal Govt.
Economies
Baby Boomers

Bringing Them Together

There are gears for a reason

The process is not sequential – it's concurrent.

External and internal will inform each other.

How you mesh the gears
becomes the strategic implementation plan.

And they keep turning the whole while.

SCENARIO EXERCISES

Thinking on Your Feet

Scenario Exercises

Scenario Exercises will be provided during the session

Questions

Thank you

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