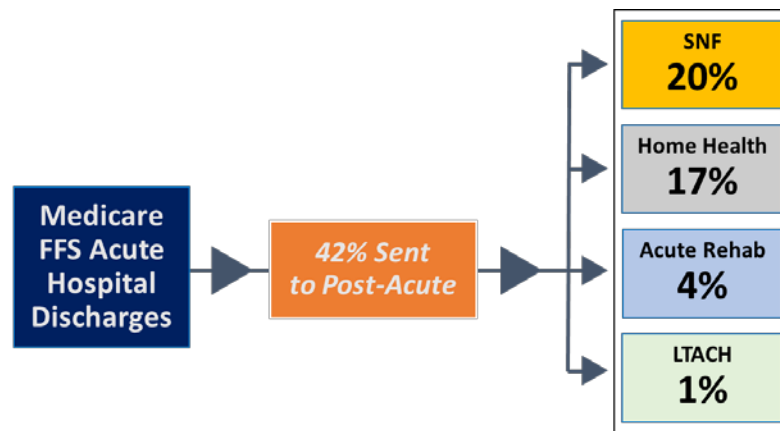


Why Preferred Post-Acute Networks?

Health system leaders recognize that one key to success for health systems and accountable care organizations (ACOs) in today’s value-driven environment is highly effective post-acute services and programs that are well-integrated into the care continuum. To be successful in bundled payments, the ACO environment, and the new outcomes-driven reimbursement arrangements, health systems must maximize the impact of the post-acute continuum for the benefit of patients and their own financial health.

The results of the [Premier Spring 2016 Survey](#) of system leaders indicate that over the next three years expanding and integrating high-value post-acute care networks is a key strategy for 95 percent of surveyed executives. However, the survey also indicates 94 percent of these executives feel that creating preferred post-acute care networks will likely be one of their greatest challenges in that same time period.



Source: Medicare post-acute care reforms. Statement of Mark E. Miller, Executive Director, Medicare Payment Advisory Commission. Before the Subcommittee on Health, Committee on Energy and Commerce, U.S. House of Representatives, April 16, 2015.

The data supports the need for aggressive effort in this area. Skilled nursing facilities (SNFs) are Medicare’s single biggest expense for post-acute care. The Centers for Medicare and Medicaid Services (CMS) spent \$28 billion on SNF care in 2013ⁱ. An October 2013 studyⁱⁱ by the Health and Medicine Division (HMD) – formerly known as the Institute of Medicine – of the National Academies of Sciences, Engineering, and Medicine indicated that post-acute care represents the greatest area of variability in health spending. SNF costs were noted in particular as varying widely across the U.S. for reasons unrelated to local costs or medical needs.

A [Kaiser Family Foundation report](#) analyzed early Bundled Payments for Care Improvement (BPCI) results and cited the importance of reducing SNF utilization, reducing readmissions, and shifting utilization to clinically appropriate care settings for success in value-based arrangements. Early data from Model 3 (post-acute initiated) BPCI indicates

that the use of institutional post-acute care (skilled nursing facility, long term acute care hospital, and inpatient rehabilitation facility) after the acute care stay fell from 66 percent to 47 percent for bundled episodes.

To that end, preferred SNF networks represent a timely strategy by hospitals and other at-risk providers and payors to gain more control over quality and costs in the largely independent SNF environment rather than entering the business themselves. For example, with a typical health system working with an average of 60 different SNFs, it is virtually impossible to effect meaningful change without significantly reducing the number of SNFs for a collaborative partnership.

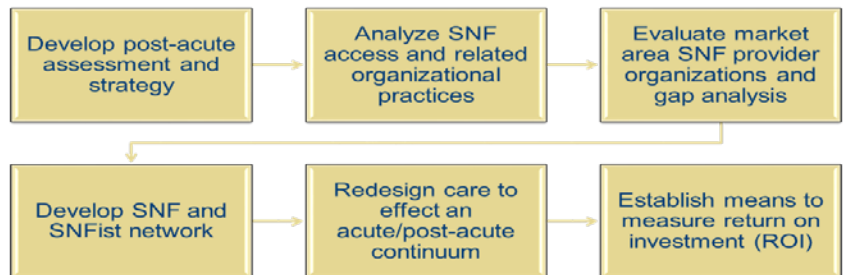
Banner Health Network, one of the remaining Pioneer ACOs, accounted for \$29 million in total savingsⁱⁱⁱ. Leadership indicated these savings were achieved in large part due to attention to post-acute costs and quality. In 2014, Banner Health’s ACO developed a preferred network of SNFs. Officials reviewed information from almost 100 SNFs and 34 were selected. As part of the network, the preferred SNFs collaborate with Banner Health to ensure high-quality care, appropriate average lengths of stay (ALOS), and a competitive cost profile, all while preventing readmissions. Shaun Anand, MD, Banner Health Network chief medical officer, said improvement in post-acute care was a significant contributor to the ACO’s results.

Where to Start?

Health Dimensions Group (HDG) has extensive experience providing consultative assistance to acute and post-acute providers to position them for success in the transition to a value-based payment environment. This experience allows us to understand the needs of all providers in the continuum, the concerns related to working across traditional boundaries, and the different languages “spoken” that can create barriers to achieving a successful outcome.

Based on this, HDG has created a six-step process for developing a preferred SNF network that benefits your patients and provides a return on investment (ROI) to both the acute and post-acute partners in the relationship.

A health system is best served by initially assessing their own needs and pain points. This important step



allows network design decisions to match health system priorities. It informs the process through an understanding of SNF discharge patterns and volumes, as well as current and future SNF bed need. In addition, particular trends or issues are identified such as quality,

ALOS, disjointed discharge processes, or other factors that indicate internal areas that, if not addressed, might create barriers to maximizing the ROI on this important investment.

After this internal review, the health system can now turn outward. Initially, the health system can review publically available data such as the CMS Five-Star Quality Rating. However, this information must be supplemented by data from those SNFs with meaningful health system volume. By surveying these current discharge settings, valuable information can be gathered such as:

- Facility size, physical organization, occupancy trends, and capacity
- Rehospitalization and emergency department utilization rates
- ALOS for Medicare fee-for-service and managed care
- Program specialties and clinical competencies
- Primary care coverage and medical director relationship
- Leadership tenure and turnover
- Private versus semi-private room distribution
- Patient satisfaction surveys

Additional information and data requests should be customized to address the specific needs and gaps identified previously by the network developer.

Once the data is received and analyzed, promising prospects for the network are visited in person to interview leadership, meet staff, and tour the facility.

This work provides the foundation to establish a set of defensible selection criteria that reflect the demands of value-based payment and the needs of the health system. In addition to quantitative metrics, such as geography, readmission rates, availability of therapies, ALOS, and clinical competencies, among others, qualitative factors, such as culture and leadership, are key. Without a commitment to collaboration and partnership – which often involves change – network success is not likely.

The hard work with the selected SNF partners now begins as initial meetings are held, the infrastructure to manage the network is created, and data elements for reporting are selected.

Keys to success for these networks, in our view, are based on monitoring performance and establishing regular communication, as identified in the table.

Monitoring	Communications
<ul style="list-style-type: none"> • Routine reporting on established quality metrics 	<ul style="list-style-type: none"> • Affiliation agreement
<ul style="list-style-type: none"> • Periodic site visits 	<ul style="list-style-type: none"> • Routine meetings and real-time communication channels
<ul style="list-style-type: none"> • Readmission monitoring and root cause analysis 	<ul style="list-style-type: none"> • Clinical resources and educational opportunities
<ul style="list-style-type: none"> • Complaint tracking 	<ul style="list-style-type: none"> • Standardized care delivery pathways
<ul style="list-style-type: none"> • Facility utilization volume 	<ul style="list-style-type: none"> • Complement and complaint sharing
<ul style="list-style-type: none"> • Patient and family satisfaction surveys <ul style="list-style-type: none"> – How well were you prepared for discharge? – How satisfied are you with the SNF? 	<ul style="list-style-type: none"> • Collaborative care planning for difficult-to-place patients
	<ul style="list-style-type: none"> • Public transparency regarding network and members' performance

What Other Factors Are Important?

The development of a preferred SNF network relationship is a significant and important investment for a health system or ACO to position itself to flourish in a value-based environment. To truly capture the full ROI, two key areas must be addressed: care transformation; and the presence of medical providers in the selected SNFs.

Care transformation is a broad term that refers to the care redesign so critical to thriving in value-based arrangements. It encompasses care management, care coordination, and care delivery and strives to integrate and coordinate the patient's journey across the continuum. Building on and leveraging current health system programs that often exist in silos, providers must look to person-centered models to transform the patient experience through integrating interventions that cut across encounters, settings, and time. Person-centered care must adapt to the person's changing needs and resources, supporting people through acute, chronic, and end-of-life transitions.



Fundamentally, care transformation ensures the National Transitions of Care Coalition's seven key intervention categories^{iv} are integrated across the continuum regardless of location or level of care:

1. Medication management
2. Transition planning

3. Patient and family engagement/education
4. Health care providers' engagement
5. Follow-up care
6. Information transfer
7. Shared accountability across providers and organizations

The other key feature of successful networks is a medical practice that manages patients during their SNF stay. Known as SNFists or extensivists, these medical providers include physicians and advanced practice providers (APPs). They do not function as a traditional medical director. Rather, a SNFist practice of physicians and APPs not only offers timely access to regular medical visits in the facilities, but also ensures best practice team collaboration and fidelity to an integrated care delivery model. Results from a study by a hospitalist group that started a SNFist practice demonstrated marked decline in readmissions from the SNF with three visits per patient each week.

Networks that do not address care transformation and SNFist care models are risking not realizing the full benefit of this investment and not achieving the outcomes and competitive cost profiles desired.

Preferred SNF networks are a key strategic initiative for health systems and ACOs adapting to a value-driven payment environment. Accountable for the patient outcomes and costs outside the hospital, health system leaders are building and investing in formal, data-driven relationships with select post-acute partners.

ⁱ Evans, M. "Hospitals select preferred SNFs to improve post-acute outcomes." Modern Healthcare (May 9, 2015) <http://www.modernhealthcare.com/article/20150509/MAGAZINE/305099987>

ⁱⁱ IOM (Institute of Medicine). 2013. Variation in health care spending: Target decision making, not geography. Washington, DC: The National Academies Press.

ⁱⁱⁱ <https://innovation.cms.gov/Files/x/pioneeraco-fncl-py3.pdf>

^{iv} http://www.ntocc.org/Portals/0/PDF/Compendium/SevenEssentialElements_NTOCC%20logo.pdf