Surviving the CMS Waiting Game

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Objectives:

• Identify the impacts of CMS's pending payment changes and immediate operational changes to make to secure viability.

• Design advanced clinical pathways to deliver targeted patient care to reduce length of stay and prevent avoidable readmissions.

• Identify how streamlining claims management, diversifying service lines and "managing managed care" can positively impact cash flow.

• Evaluate the facility’s care transition practices to assure referral relationships with upstream and downstream partnerships.

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Navigating the new normal together.

Surviving the Waiting Game

Post-acute care has been waiting for the radical changes in CMS payment models and other policies that will have a major impact on our business models and long-term financial survival.

What we’re going through now is a period of great uncertainty as everyone waits for each new rule change and major policy announcement.

The Latest – 3/8/18

SNF Open Door Forum

“The ANPRM did not propose any policies, which also means that CMS has not finalized any policies associated with RCS-I.”

“As such, there does not exist any timeline for implementation of the RCS-I model. We are considering comments. We are considering additional analyses that were suggested to us by stakeholders.”

“We hope that this alleviates any confusion or concern arising from the mistaken impression regarding the status of the RCS-I model.”
A Closer Look at RCS-1

SNF Response

Framework for the Future

CMS Triple Aim
RCS-1 Overview

What
Resident Classification System – V1
Proposed to replace case-mix model and RUG-IV. Unlike RUG-IV, RCS-1 replaces counting therapy minutes to determine payments with a model based on clinical characteristics.

Why
CMS Goals
Compensation based on complexity of the resident and resources needed, address concerns over therapy delivery being based on financial rather than clinical, maintain simplicity.

How
MDS Item I8000
The anchor diagnosis code in conjunction with 5 clinical characteristics results in RCS-1 case-mix score for reimbursement.

Acumen Report
Recommended Case-Mix Adjusted Payment
Federal Rates

FY 2018 Unadjusted Federal Rate Per Diem—Urban

<table>
<thead>
<tr>
<th>Rate Component</th>
<th>Nursing</th>
<th>NTA</th>
<th>P/OT</th>
<th>SLP</th>
<th>Non-Care</th>
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FY 2018 Unadjusted Federal Rate Per Diem—Rural

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<th>Rate Component</th>
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Variable Per Diem Schedule

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<tr>
<td>1-3</td>
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<tr>
<td>4-100</td>
<td>1.0</td>
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Additional Information

- Read RCS-1 article from the Center for Medicare Advocacy
- Read the CMS Advanced Notice of Proposed Rule Making for RCS-1
A Closer Look Managed Care

Medicare Advantage Growth

- Currently, approximately 33% of Medicare participants are enrolled in managed MA plans. However, experts who spoke at the recent National Investment Center for Seniors Housing & Care (NIC) Spring Investment Forum expect that number to increase.

- The Congressional Budget Office has predicted MA plans will grow by approximately 4% per year, although some experts predict that rate will be closer to 7%.

- According to data from the Kaiser Family Foundation, over the last decade enrollment in MA plans has grown from 9.7 million enrollees in 2008 to 19 million enrollees in 2017.

Managed Care Growth
Medicare Advantage Growth

- SNF’s continues to face operating headwinds such as increased regulatory requirements, expense and staffing pressure, and reimbursement challenges.
- One of the biggest changes in recent years has come in the shift away from traditional Medicare reimbursement toward privately managed plans.
- As reported by the NIC, the growth in enrollees is coupled with all-time low reimbursement rates at $433 per patient day (PPD) through Q4 2017, a year-over-year decline of 2.7%.

Medicare Advantage Saturation

This illustration compares to traditional Medicare reimbursement rates of $513 PPD. With 74% of states reporting MA penetration rates of at least 20% of total Medicare beneficiaries.

SNF Response

- What
- So What
- Now What
Evaluating the Impact

RCS-1 Impact on Assessment Schedules

A significant reduction in the number of assessments completed under RCS-1 means a decrease in demands on the MDS staff.

- 5 Day Assessment
- Significant Change in Status
- OBS, GOA, 50, 90 Day Assessments
- Discharge Assessment

Impacts of RCS-1

- PT/OT/ST categories no longer based on days and minutes but on Resident Characteristics.
- RUG-IV system, less was less, more was more, and longer was better. Not so in RCS-1 – but volume and practice patterns are not expected to change, per CMS.
- Concurrent and group therapy will likely increase – with proposed allowable limits for concurrent and group modes of treatment to 25% for each.
- Decrease in MDS utilization but increase in significance.
- Length of stay pressure inherent with the Per Diem Variable Adjustment.
RCS-1 and Modes of Therapy

Individual

Concurrent

Group

What Does RCS-1 Mean for SNFs?
Medicare Advantage SNF Impacts

- Medicare Advantage reimbursement rate is, on average, 13% lower than traditional Medicare
- Medicare Advantage average length of stay is 19 days versus 23 days for traditional Medicare
- And for illustrative purposes only, we could assume that the short-stay facility has a skilled-mix of 80%, versus a traditional facility skilled mix of 20%

In this scenario, for every 25% shift from Medicare to MA (meaning Medicare would shift from 100% of revenue to 75%), a short-stay facility would have to pick up seven additional MA residents to maintain its revenue levels.

On the other hand, a traditional SNF would only need to pick up three more under a 25% shift to MA. This hypothetical example illustrates that if the operator was unable to increase its MA census, it would experience a 7% to 21% decline in revenue (Figure 4).

SNF Response

What
So What
Now What
A Closer Look SNF Preparation

The 5 C’s of Success

SNF Preparedness: CARE

Condense LOS

LOS is today’s business driver and tomorrow’s barrier to success. The acceptance and adoption of this philosophical change is difficult but necessary.

Therapy Delivery Modes

Group and Concurrent Modes will be allowed by some current/future payment models. Tools to assess patient appropriateness and assist with scheduling will be essential.

Prevent Avoidable Readmissions

SNF have incentives/penalties available to reduce preventable readmissions and achieve clinical outcomes. Success proves value to consumers and third-party payers.

Get a Staffing Game Plan

Create a specific plan to recruit and retain the best staff. Be ready to implement training models, team leaders, data analytics, and accountability measures to assure systematic and successful transition.

Adopt Interdisciplinary Care Protocols

The need to accept an industry paradigm shift should not be an obstacle. New therapies and treatments are being developed to improve the typical short-stay patient in SNF.
SNF Preparedness: Customer Service

Know What Consumers Want
The best approach to exceeding customer satisfaction is knowing their needs and expectations.

Provide Person-Centered Care
Everyone has a story; get to know each resident’s story and incorporate their care needs, preferences and values into their care plan.

Focus on Patient Engagement
Getting the patient involved in their care is critical for long term sustained progress, which promotes satisfaction levels.

Make Facility Improvements
Capital is limited for SNF providers but facility aesthetics, private rooms, and renovated spaces positively impact satisfaction levels.

Train and Hold Staff Accountable
Specific staff expectations, training programs, accountability systems and recognition go a long way! Create an internal champion and resource the initiative sufficiently.

Senior Living Consumer Survey

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<tr>
<th>Percentages</th>
<th>1,367</th>
<th>40%</th>
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<td></td>
<td></td>
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Consumer Priorities Are Straightforward

- Direct care
- Safety
- Food
- Staff
- Cleanliness
- Lobby
- Bldg

Cost Attributes Hanging Accounts:

<table>
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<th>Cost</th>
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<th>1</th>
<th>1</th>
<th>4</th>
<th>3</th>
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Survey conducted by Advisory Board under contract with Healthia. Analysis performed by Advisory Board.
SNF Preparedness: Compliance

Embrace QAPI and Make Impactful Changes
QAPI is a requirement for SNF providers but it can serve as a productive change agent for areas that need improvement.

Get Serious About Documentation
Documentation is everyone’s responsibility. Accurate, comprehensive, and timely documentation mitigates risk, impacts survey success, and reduces denials.

Be Survey Ready – 5 Star Matters
The CMS 5-star system is not perfect. However, a SNF’s star rating is directly related to consumer opinion, managed care network selections, and ACO development criteria. Win with the system!

Audit Yourself Because Someone Else Will
Post-acute care is an audit rich environment. Be diligent and dedicated to internal auditing to reduce the risk of denial and survey deficiencies.

SNF Preparedness: Cash

Data – Gather, Interpret, Act
Understand your referral patterns, diagnoses, utilization trends, and delivery modes. Share with key stakeholders and make necessary changes.

Investigate Options by Financial Modeling
Use templates and forecasting tools to compare emerging payment models to RUG IV reimbursement values and trial implications of proposed changes.

Diversify, Expand, Innovate
Think beyond today and consider new reimbursement streams, service offerings, and/or partnership options to assure long term viability.

Revenue Cycle Management Initiatives
Revenue is vanity, margins are sanity and Cash is KING! Creating systems that get cash in the door is critical.

Perfect Other Payors
As change and uncertainty surrounds traditional Medicare FFS, it is important to assure systems for other payors are in order.
SNF Preparedness: Census

Create Upstream and Downstream Partnerships
SNFs who forge alliances with hospitals and other post-acute care providers will win market share and referral loyalty. Embrace the idea of working as a care network.

Create and Share a Data Success Story
Once you have a constant data stream, share the data that acute providers want about most. Win their business by adding value to their business.

Streamline Admission Processes
SNF providers must be viewed by acute care providers as being easy to work with for new admissions. Barrier-free processes, clear communication and immediate accessibility is key.

Know Your Competition & WIN
Constantly know what your competitors are offering. Furthermore, know their data and let the numbers speak for themselves. Couple data analytics with customer experience and prepare to take over the market.

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Hospital Name: Medicare penalizes hospitals with high readmission rates, and post-acute providers care for patients during the high-risk 30-day post-discharge period.

'Meter-based payment adjustment

"High patient satisfaction scores

"Length of stay (LOS)" is a key driver in payment adjustment and is based on part on patient satisfaction and post-discharge spending (HCAHPS) metrics that pay providers impact post-discharge care.

Average hospital length of stay (LOS)

Hospital revenue growth, payments in NIAH, increases hospital costs. Timely discharge to post-acute care helps reduce these costs.

Advanced care experience and outcomes to enable earlier discharge from the hospital.

Shorter average stay to admit more patients.
Thank You
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