



# STROUDWATER

INTEGRATION OF HIGH VALUE POST-ACUTE CARE

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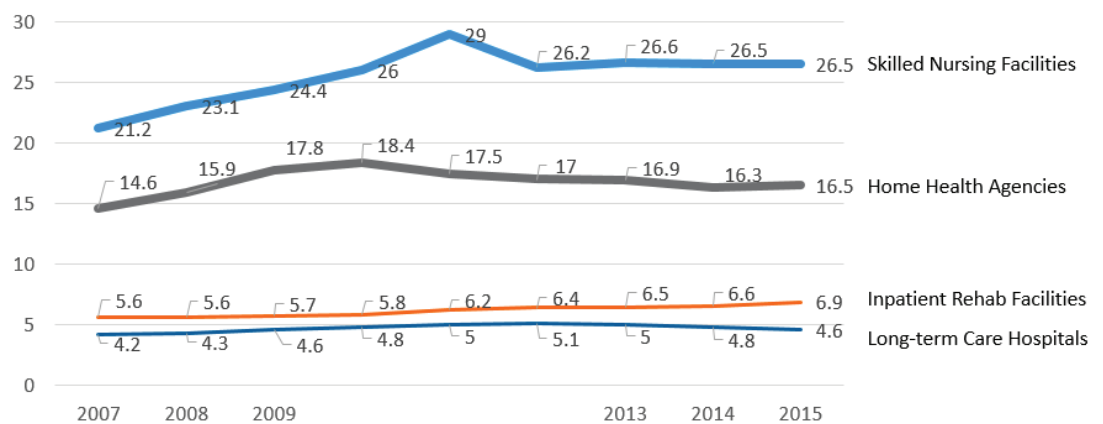
## INTEGRATION OF HIGH-VALUE POST-ACUTE CARE

Hospitals, health systems, Accountable Care Organizations (ACOs), and health plans have increasingly recognized the importance of **post-acute care** as a **key component of their organization's care continuum**, particularly as payers move to value-based reimbursement methodologies. Hospital readmission penalties, episode of care/bundled payment arrangements, and global payment models necessitate a careful evaluation of the cost and quality of post-acute care (PAC) services in every delivery system. Stroudwater Associates collaborates with healthcare leaders to achieve the highest standards of clinical excellence and financial sustainability in both acute care and post-acute care settings.

There is growing national focus on the Triple Aim of improving the patient experience of care, improving population health, and reducing per capita costs of healthcare. A widely quoted report by the Institute of Medicine in 2013 identified PAC as the source of **73% of the variation in healthcare spending<sup>1</sup>**, significantly increasing attention to the cost and quality of post-acute care services. Between 2007 and 2015, Medicare payments to PAC providers rose to a total of **more than \$54 billion**, as shown in the graph below. Subsequently, the September 2017 MedPAC report to Congress<sup>2</sup> found that PAC had the greatest cost variation among all sectors, when compared to acute care and ambulatory care.

Stroudwater can quickly help healthcare leaders to identify PAC performance issues and facilitate strategic and tactical planning related to their organization's PAC services, PAC provider network, referral processes, and models of care.

Medicare Spending on PAC by Sector in Billions



Compiled by Stroudwater Associates. Source: CMS Geographic Variation Public Use File Actual Costs

<sup>1</sup> Institute of Medicine. 2013. Variation in Health Care Spending: Target Decision Making, Not Geography. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18393>.

<sup>2</sup> MedPAC Report to the Congress: Regional variation in Medicare Part A, Part B, and Part D Spending and Service Use. September 2017.



## REPRESENTATIVE SERVICES

Stroudwater Associates provides services to assist both acute care and post-acute care organizations to strengthen care delivery across the continuum. Stroudwater works with healthcare systems and health plans to better understand and address the impact of post-acute care on their delivery systems and evaluates and helps PAC entities to identify and solve common organizational challenges.



**We offer the following post-acute care services:**

## COMPREHENSIVE PAC STRATEGY

Stroudwater assists and guides hospitals, health systems, ACOs, and health plans to develop a comprehensive post-acute care strategy to **better manage total costs of care and integrate high-value PAC services** into their delivery systems.

PAC represents a significant component of total medical expense. MedPAC found that 43 percent of all fee-for-service Medicare patients were discharged to post-acute care services following discharge from an acute care hospital in 2015<sup>3</sup>. In particular, poor-performing PAC providers may be contributing to or driving high Emergency Department visit rates and inpatient readmission rates, potentially increasing hospital readmission penalties and driving up total spending per patient episode of care.

### OUR APPROACH TO PAC STRATEGY

- Conduct detailed, data-based analysis of regional PAC patient referral patterns and market competition
- Perform analysis of PAC utilization, cost, quality, and patient experience results in comparison to regional and national benchmarks
- Assist in development of a strategy to navigate the transition from volume-based to value-based reimbursement models
- Recommend clinical pathways, reporting protocols, and dashboards to enhance collaboration, quality of care, and transparency among the parties and manage risks while boosting profitability



## COMPREHENSIVE PAC STRATEGY

### Key Questions to Consider

Stroudwater helps healthcare leaders to identify and address key questions, and facilitates a **data-based approach to organizational decision-making**:

- Does the organization currently have a comprehensive, overall PAC strategy?
- Does the organization have an opportunity to improve operational and financial performance by developing a more effective PAC strategy, potentially reducing inpatient LOS, reducing ED utilization and 30-day readmission rates, and reducing total episode cost of care?
- Who are the major PAC providers in your primary and secondary service areas?
- Who are the top PAC performers when considering utilization, cost, quality, and patient experience measures?
- Which PAC providers do your patients/members typically utilize?
- Are your organization's own PAC facilities and/or services high-performing and accretive clinical and operational assets for your organization?
- Are there opportunities in the market to expand your organization's PAC facilities and/or services?
- Conversely, is there merit to exploring divestiture of owned PAC facilities to a collaborative independent operator, rather than continuing to own and operate those facilities directly?
- Are there opportunities to collaborate more effectively with external PAC providers?



## DEVELOPMENT OF "SNFIST"/MID-LEVEL PRACTITIONER MEDICAL MANAGEMENT MODELS

Studies have shown that implementing an onsite medical-management model teaming a SNF physician (SNFist) with nurse practitioners (NPs) or physician assistants (PAs) leads to **improved patient clinical outcomes and greater patient/family communication and satisfaction at lower cost to payers**. Benefits of such a model include improved quality of care, decreased SNF length of stay, and **reduced hospital readmissions**. Success of such a program requires thoughtful planning, structured implementation, and active stakeholder engagement.

### OUR APPROACH TO DEVELOPING A "SNFIST" MODEL

- Develop framework to implement "SNFist" model of care, including provider staffing/reporting structures, research of relevant state/federal regulatory requirements, and creation of needed tools, such as PAC-focused job descriptions
- Develop strategic and tactical implementation plans and communications plan to ensure stakeholder engagement in the integration process
- Recommend clinical operational processes, workflows, and tools to integrate new model of care in selected PAC facilities
- Develop tools for continuous monitoring of performance and outcomes of the "SNFist" program
- Assist with implementation of "SNFist" model of care

## READINESS ASSESSMENT FOR ALTERNATIVE PAYMENT MODELS

Centers for Medicare and Medicaid Services (CMS), commercial plans, and self-insured plans continue to offer value-based reimbursement arrangements that include post-acute care, such as certain CMS Bundled Payments for Care Improvement (BPCI) models and the Medicare Comprehensive Care Joint Replacement (CJR) initiative. Initiating new models of care and integrating care delivery while simultaneously conducting day-to-day operations can be challenging for hospital, health system, and PAC management teams. Stroudwater's comprehensive solution includes a **gap analysis** to assess the current state of the organization and development of a realistic **roadmap to identify needed improvements and implement desired changes** effectively. We focus on **improving integration of acute care and PAC services**, which is essential to success in a value-based payment environment.

## COMPREHENSIVE PAC ORGANIZATIONAL PERFORMANCE EVALUATION

PAC facilities face the challenge of providing consistent, quality patient care on extremely thin operating margins. Operational inefficiencies are often the root cause of issues such as low-quality performance ratings, high ER utilization and inpatient hospital readmission rates, cost overruns, low profitability, low patient satisfaction, low CMS Star ratings, and high employee turnover.

Our approach includes a comprehensive analysis of the organization's operating and financial performance, provider engagement, data analytic capabilities, quality of care and compliance, and PAC market dynamics. Based on our evaluation findings, we offer specific recommendations and facilitate action planning to address identified improvement opportunities. The ultimate goals are to establish a **culture of continuous performance improvement**, margin enhancement, and staff education to sustain a high-performing organization. For more information about this service, please see our PAC provider-focused qualifications via the following link: <http://www.stroudwater.com/?resources=post-acute-care>

## FACILITATING COLLABORATIVE PARTNERSHIPS

Reimbursement by CMS and commercial payers has continued to move toward value-based rather than volume-based payment structures. As a direct result, many hospital systems, ACOs, and health plans are establishing **preferred post-acute care provider networks**. These preferred networks deliver consistent, high quality, cost-effective post-acute care and services to the organization's patients/members.

This is a golden opportunity for hospitals, health systems, ACOs, and health plans to align with high performing PAC organizations in shared savings or other gain-sharing arrangements, while simultaneously providing better overall quality patient care across the delivery system, thus sharing the risks and rewards across the entire continuum of care. Such alignments can be as informal as a "preferred referral" arrangement to a formal affiliation or change of ownership.

### OUR APPROACH TO COLLABORATIVE PARTNERSHIPS

- Evaluate, identify, and facilitate collaborative opportunities between hospitals/health plans/ACOs and selected PAC providers
- Assist in development of processes to improve transitions of care and care coordination across the care continuum
- Facilitate adoption/implementation of consistent, evidence-based clinical guidelines and care pathways across the care continuum
- Assist in development of clinical data-reporting capabilities that enhance accountability and transparency between partners
- Identify opportunities to reduce costs and increase potential for shared savings between partners
- Facilitate formation of formal/informal relationships between external partners and PAC providers

## OWNERSHIP OF PAC ASSETS VERSUS PARTNERING

Moving forward, new care models and reimbursement models require hospitals and health systems to account for the entire continuum of care. However, your hospital or health system's post-acute assets and service lines do not necessarily need to reside inside your organization. The key is to **incorporate post-acute care service lines seamlessly into your full continuum of services.**

The determination to own or partner for post-acute care assets will depend on your market's existing service line options, such as the current scope of services and the quality and effectiveness of existing providers. How much coordination is already in place? Are existing post-acute care providers attractive potential partners?

Factors to consider regarding ownership or partnering include, among others, capital requirements, integration of EHR, integration of quality initiatives, speed to market, core competencies, and state-specific reimbursement considerations.

Perhaps your hospital or health system owns and operates post-acute care assets but their financial, operating and/or clinical results are less than ideal. It may be time to consider divesting those assets and collaborating with a more proficient operator. As discussed, new care and reimbursement models provide considerable incentive to healthcare providers to collaborate across continuums of care, thus making collaboration advantageous to both parties.

Stroudwater's Affiliations and Partnerships team members are skilled at identifying potential partners and guiding our clients through the sale and operation transition process. We focus on identifying independent operators with exceptional patient outcomes and satisfaction scores that appreciate the value of seamless coordination between acute and post-acute care settings.

**From the first step of developing the conceptual design of a partnership to the final implementation of a comprehensive integrated care coordination program...**

**We are with you every step of the way.**





# STROUDWATER

## STROUDWATER'S CORE POST-ACUTE CARE TRANSFORMATION TEAM

Stroudwater is a team-based organization and our consultants regularly collaborate across disciplines and service lines. The consultants listed below are leaders in our PAC Transformation practice and have access to the full complement of Stroudwater experts as necessary.



### LOUISE BRYDE, PRINCIPAL

• lbryde@stroudwater.com • 770-206-9160

**Principal Louise Bryde, RN, BSN, MHA** has more than 30 years of experience in the healthcare industry and a proven record of accomplishment in developing and executing initiatives to enhance access and improve quality and cost-effectiveness of healthcare delivery in both the public and private sectors.

Her recent client engagements include Nurse Practitioner integration for a regional post-acute care/long-term care company, interim leadership and care model redesign of a Regional Health Plan's Medical Management Department, and comprehensive evaluation of Rehab Services for a multi-hospital healthcare delivery system.



### DR. WILLIAM ADAIR, SENIOR ADVISOR

• william.adair.md@outlook.com • 847-809-5188

**Bill Adair, MD** is a board-certified physiatrist, healthcare leader, consultant, and passionate advocate for persons with disabilities and excellence in rehabilitation medicine. Bill has deep experience in post-acute care as a component of population health management, working with the Advocate system in its development of a post-acute network that integrated care across hospitals, acute and day rehabilitation, skilled nursing facilities, home health, and the community.



### CARLA BROCK WILBER, SENIOR CONSULTANT

• cwilber@stroudwater.com • 207-221-8276

**Senior Consultant Carla Wilber, DNP, RN, NE-BC** is an accomplished nurse administrator with an extensive background in critical care, education, and emergency services. Carla's recent work includes facility assessments and process improvements in care management and care transitions for critical access hospitals, rural and urban health systems, and provider groups, including utilization review and discharge planning with subsequent recommendations and action planning. Before joining Stroudwater, Carla served as Director of Enterprise Excellence at Wake Forest Baptist Health-Lexington Medical Center; in this capacity, she led, facilitated, and supported the Lean transformation initiative across the continuum of care and health systems, and was responsible for the development, implementation, and ongoing assessment of comprehensive performance improvement and Lean redesign initiatives within the healthcare facility.



### RAHUL GHOTGE, CONSULTANT

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**Consultant Rahul Ghotge, MD, MS, MBA** is a physician, engineer, and hospital management professional with black belt in Lean Six Sigma. Rahul completed medical training in India and England. He holds an MBA from Duke University with focus in Finance and a Masters in Biomedical Engineering from the University of Tennessee. Rahul's deep operations experience includes supervising operations of a hospital based LTC facility and designing and implementing LTC-IT systems. Since joining Stroudwater in 2015, Rahul has been instrumental in combining technology with cost accounting to develop tools for rapid operational improvement.



### LINDSAY CORCORAN, SENIOR CONSULTANT

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**Consultant Lindsay Corcoran, MHA** is a practice-management professional with over ten years of healthcare and medical office experience. Lindsay's recent work has been focused on supporting and sustaining healthcare access for rural communities through hospital operational improvement and affiliation strategies, and has assisted rural and community hospitals and clinics across the country to improve operational and financial performance. Before joining Stroudwater, Lindsay worked in an outpatient physical therapy setting as a practice administrator for three clinics in southern Maine.



## STROUDWATER CONTENT SPECIALISTS

Stroudwater has a number of additional consultants with deep domain expertise in various aspects of health systems development and operations, including strategy development, operations, affiliations, and cost optimization. Selected specialists are featured as follows.

### PARTNERSHIPS AND AFFILIATIONS



#### DOUGLAS JOHNSON, PRINCIPAL

• [djohnson@stroudwater.com](mailto:djohnson@stroudwater.com) • 615-465-1501

**Principal Doug Johnson** has a record of accomplishment in transactions, business development, and financial accounting, specifically in the general acute care hospital, rehabilitation hospital, and ambulatory surgery center space. Throughout his career, Doug has consistently demonstrated his ability to direct non-routine, sensitive, and complex transactions and to prepare clear, accurate, and management-focused deliverables. He is particularly effective at building relationships of trust with prospective clients and disseminating their real needs and concerns, as well as identifying leaders and decision-makers within targeted organizations.

### REVENUE CYCLE AND REIMBURSEMENT OPTIMIZATION

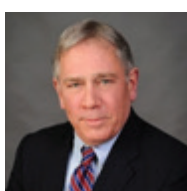


#### JOHN E. BEHN, PRINCIPAL

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**Principal John Behn** serves as President of Stroudwater's revenue cycle arm, Stroudwater Revenue Cycle Solutions. John has over 20 years of experience in healthcare financial management and consulting. His focus has been on chargemaster auditing, revenue cycle initiatives, and hospital and physician practice management. John has led initiatives to increase physician and departmental productivity, to implement physician-specific and hospital-wide revenue-cycle protocols, and to develop chargemaster maintenance policies and procedures. He has successfully grown gross revenue and net reimbursement through combining operational improvements, chargemaster effectiveness, and efficient business-office protocols.

### PHYSICIAN RELATIONS



#### MICHAEL FLEISCHMAN, PRINCIPAL

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**Mike Fleischman** brings more than 40 years of experience in the healthcare industry to each client engagement. As a consultant, Mike's focus over the past 29 years has been on helping providers develop integrated clinical systems, including physician-hospital relations, medical group strategic planning, group governance, medical staff development plans and community needs analysis, practice operational assessments, PCMH development, and HIPAA. Early in his career, Mike worked as an Educational Specialist and Clinic Director for the Centers for Disease Control and Prevention, and served as Project Officer for Section 330 Primary Care and Certificate of Need programs for the U.S. Public Health Service. During this time, he received the US Surgeon General's Special Recognition Award for Meritorious Service.



# ABOUT STROUDWATER



As the healthcare industry transforms, Stroudwater designs solutions for healthcare leaders' most pressing challenges. We employ thought leadership and focused analytics in a collaborative process that engages our clients and empowers their transformation. Our practice areas are highly focused on the mission-critical strategic, operational, and financial areas where our perspective offers the highest value. Our solutions are client-driven and client-focused. Instead of selling a product or offering a prepackaged solution, we are your trusted advisors who rise to the challenge of discovering the unique solution for each client need.

Stroudwater professionals have deep domain expertise. The Stroudwater team is made up of clinicians, managers, corporate officers, investment bankers, financial analysts, and other experts. Stroudwater is recognized nationally in markets from rural to community hospitals, healthcare systems, and large physician groups. We believe this type of broad understanding and experience with all the elements of the delivery system is critically important for serving clients in an increasingly interconnected and interdependent environment. In this context, our practice areas are focused on:

- Affiliations and partnerships
- Strategic planning and Accelerated Operations Improvement (AOI)
- Population health
- Strategic master facility planning
- Physician-hospital alignment
- Capital planning and access
- Post-acute care
- Revenue cycle (Stroudwater Revenue Cycle Solutions)
- Quality/performance improvement
- Analytics

Founded in 1985, Stroudwater's mission is to improve healthcare provider performance with the highest value advisory services customized to each client's unique needs. Considering the complexity of these problems, we firmly believe that client engagements require leadership by deeply experienced advisors. Our consultants author industry-leading studies on facility investments and regularly publish both white papers and articles on topical healthcare issues, such as the "Affiliations Value Curve" and "Beyond Medicare ACOs: Preparing for Value-Based Payments." As leaders, we recognize the importance of first seeking to understand, then to be understood. We develop bold, independent points of view based upon diverse perspectives and experience. We are passionate about what we do, and we recognize how precious healthcare resources are to the fabric of the communities served by our clients. We approach each assignment with focus, energy, and a drive to get it right.

In summary, Stroudwater offers:

- A commitment of senior principals to each engagement
- The ability to plan facilities in the context of the strategic, financial, clinical and operational objectives of the organization
- A model for engaging the client and its major stakeholders, with the goal of timely and pragmatic implementation
- A devotion to creating customized solutions on time and on budget
- A national practice that applies relevant experience from a wide variety of environments and clients to the unique requirements of individual clients

Stroudwater is a nationwide firm and has served clients in  
all 50 states.

To learn more about Stroudwater's post-acute care services, please contact:

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