

Session #T40:
Hospital Relationships
The Key to the Future

OHCA Annual Convention
April 28, 2015

Introduction

1. **Mediator:**
Ira S. Goffman, Esq.
Rolf Goffman Martin Lang LLP

2. **Panelists:**
 - A. **Cyndie Bender, Director**
Community Hospitals Post-Acute Relations
University Hospitals Health System

 - B. **Gregory Colaner, President**
Altercare of Ohio, Inc.

3. **Description of Panelist Background and Responsibilities**

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Objectives:

- *Identify action steps post-acute care facilities must take with hospitals in order to be successful in the future.*
- *Identify key attributes hospitals are looking for with post-acute care facilities.*
- *Identify what successful post-acute care facilities are doing to work with hospitals.*
- *Identify how to create better and stronger relationships with hospitals.*

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Subject Areas

1. Trends
2. Recent Changes
3. Impact in General
4. Impact on Post-Acute Care
5. Readmissions
6. Bundled Payments
7. Narrow Networks
8. Consolidation
9. Opportunities

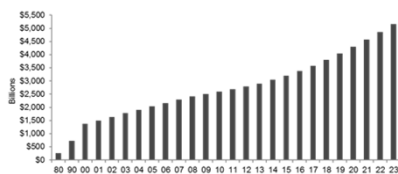
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Trends in Healthcare Spending

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TRENDWATCH CHARTBOOK 2015
Trends in the Overall Health Care Market

Chart 1.8: National Health Expenditures,⁽¹⁾ 1980 – 2023⁽²⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released September 2014.

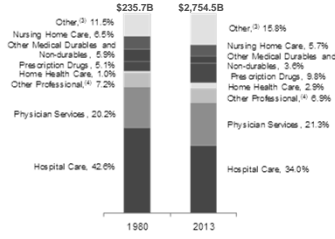
⁽¹⁾ Years 2013 – 2023 are projections.

⁽²⁾ CMS completed a benchmark revision in 2009, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.gov/nationalhealthexpenddata/downloads/benchmark2009.pdf>.

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Chart 1.5: National Expenditures for Health Services and Supplies⁽¹⁾ by Category, 1980 and 2013⁽²⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released December 3, 2014.
⁽¹⁾ Excludes medical research and medical facilities construction.
⁽²⁾ CMS completed a benchmark revision in 2009, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1980). For more information on this revision, see <http://www.cms.gov/nationalhealthspenddata/downloads/benchmark2009.pdf>.
⁽³⁾ "Other" includes net cost of insurance and administration, government/public health activities, and other personal health care.
⁽⁴⁾ "Other professional" includes dental and other non-physician professional services.

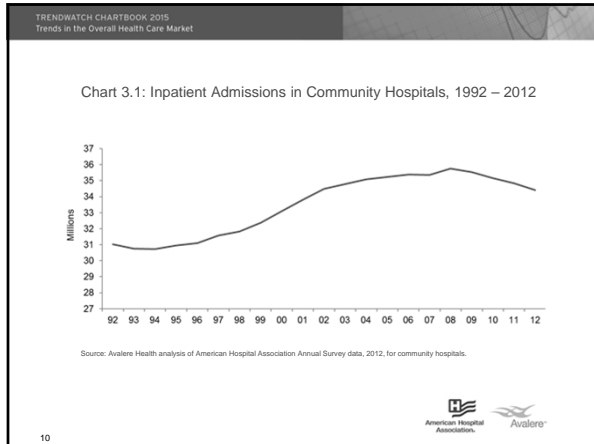


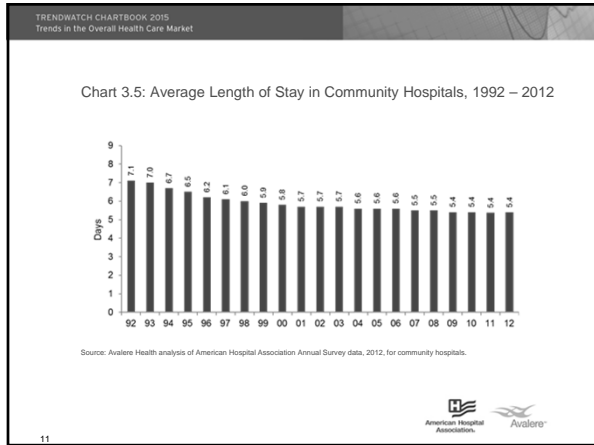
Increase in 2014 Healthcare Spending

GDP	Healthcare	Hospitals	Physicians	Dental	Residential / Home Health	Nursing Homes	Prescription Drugs	DME	Health Ins. Overhead
3.8%	5.6%	5.4%	2.9%	3.0%	4.0%	3.9%	13%	6.3%	10.6%

Source: *Altium Institute*

Trends for Hospitals





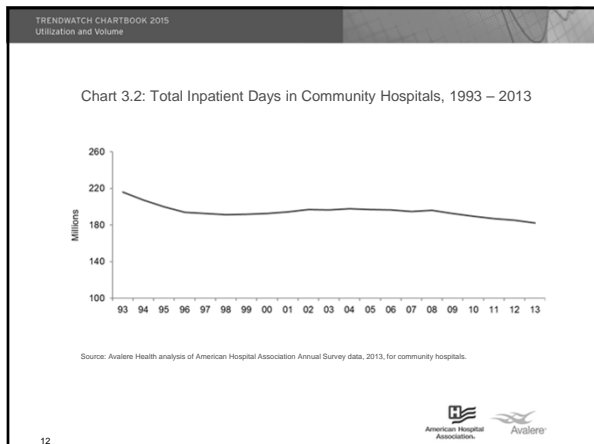
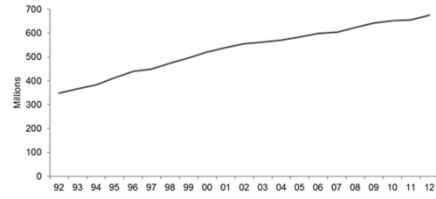


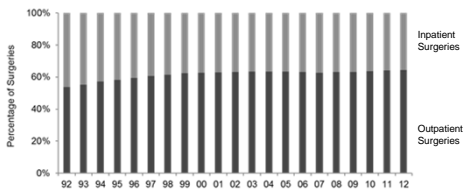
Chart 3.9: Total Hospital Outpatient Visits in Community Hospitals, 1992 – 2012



Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2012, for community hospitals. Previously Chart 3.12 in 2013 and earlier years' Chartbooks.



Chart 3.11: Percentage Share of Inpatient vs. Outpatient Surgeries, 1992 – 2012



Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2012, for community hospitals. Previously Chart 3.14 in 2013 and earlier years' Chartbooks.



Trends for Payers

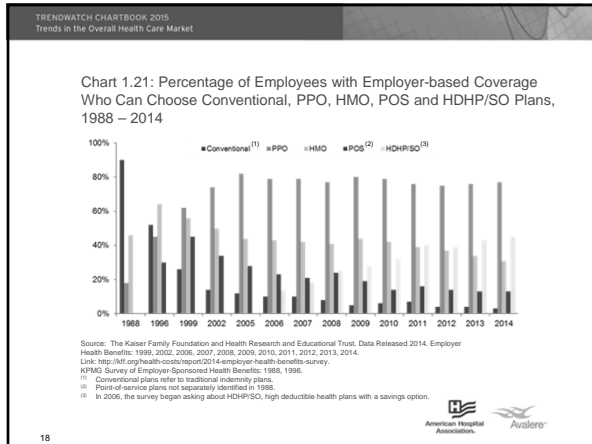
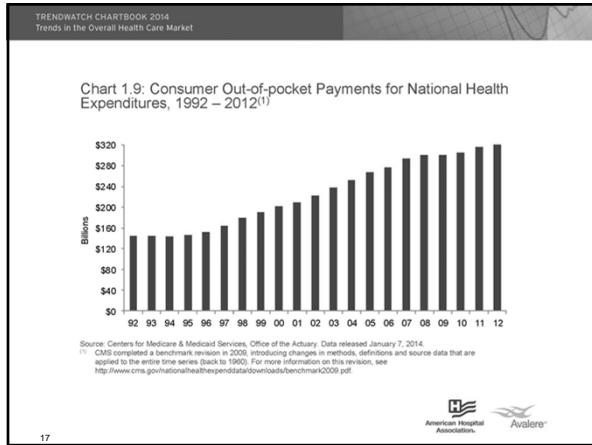
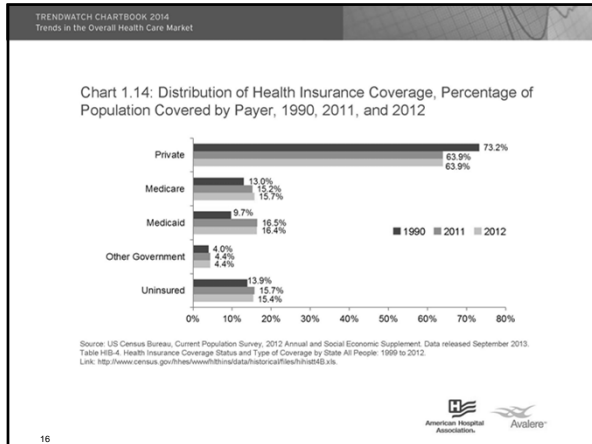
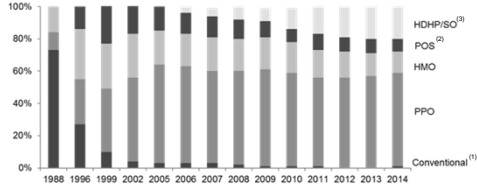


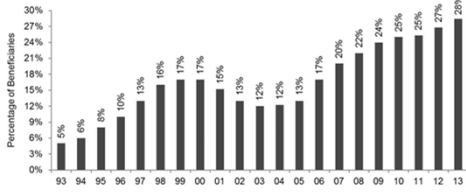
Chart 1.22: Distribution of Employer-sponsored Health Insurance Enrollment by Type of Plan, 1988 – 2014



Source: The Kaiser Family Foundation and Health Research and Educational Trust. Data Released 2014. Employer Health Benefits: 1999, 2002, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014.
Link: <http://bit.ly/healthcosts/report2014-employer-health-benefits-survey>.
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1996.
⁽¹⁾ Conventional plans refer to traditional indemnity plans.
⁽²⁾ Point-of-service plans not separately identified in 1988.
⁽³⁾ In 2006, the survey began asking about HDHP/HSO, high deductible health plans with a savings option.



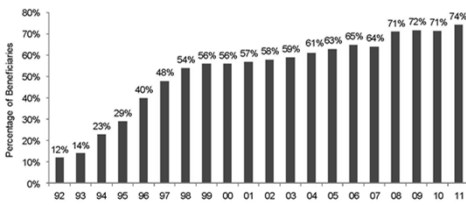
Chart 1.23: Percentage of Medicare Beneficiaries Enrolled in Medicare Managed Care, 1993 – 2013



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Email correspondence with CMS staff in January 2014.



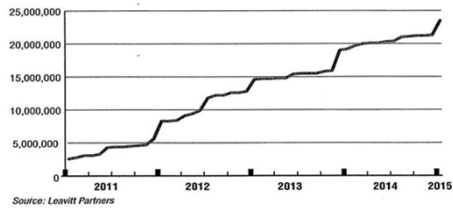
Chart 1.25: Percentage of Medicaid Beneficiaries Enrolled in Medicaid Managed Care, 1992 – 2011



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Medicaid Managed Care Enrollment Report as of July 1, 2011.



Growth of ACO covered lives over time



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Trends in Skilled Nursing Facilities

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November 2013 OIG Report

- 25% of all nursing home residents experience a hospital readmission
- More than 30% multiple times
- 65% of readmissions in 15 diagnosis categories
 - Sepsis – 21%
 - Pneumonia – 5.9%
 - Heart Failure – 4.5%
 - UTI – 3.0%
- Medicare spends an average of \$11,255 on each nursing home readmission
- NF with 4 or 5 stars had 5% lower readmission rates than 3 star or less facilities.

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NF Readmission Penalty

- Medicare NF payments subject to 2% withhold beginning October 1, 2018
- NF will be evaluated on ratio of actual admissions to expected admissions, relative to national averages. NF in lower 40% will have per diems reduced and those higher will receive fully per diem and potential bonus payment.
- All cause, all condition hospital readmission measure
- All condition, risk adjusted rate of preventable readmissions
- CMS to provide confidential reports on both measures beginning October 1, 2016 and public reporting on Nursing Home Compare by October 1, 2017.

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General Impact of ACA and Healthcare Reform

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- How has ACA's/Healthcare Reform's emphasis on value rather than volume affected your business?
- Has ACA/Healthcare Reform caused a downward pressure on prices and if so, what impact have you seen on your business?
- One of the key phrases continually heard is providing services in the lowest cost setting, how has this impacted your business?
- One of the results of ACA/Healthcare Reform and the implementation of exchanges has been the reduction and/or dilution of employer-based coverage. Have you seen this and how has this affected your business?

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**Impact of ACA and
Healthcare Reform on
Post-Acute Care**

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- What are the trends you are seeing in Post-Acute Care from your business perspective?
- Has Accountable Care Organizations (“ACO’s”) impacted your business and how does Post-Acute Care fit within the ACO concept? What is your experience with ACO’s and how do post-acute organizations decide whether they want to get involved in a local ACO?
- In February 2015, CMS changed its 5-Star Rating and added additional measures to its rating calculation that effectively reduced many nursing home ratings by 1 star. How has this impacted your business?

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**Impact of ACA and
Healthcare Reform on
Readmissions**

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- What is your business doing to prevent and/or lower readmissions after an acute care stay?
- How does nursing homes and home health care fit within your effort to reduce readmissions?
- What criteria and/or measurements are you using in the review of readmissions?
- Are there specific areas you are concentrating on?

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- What type of relationship are you looking for in post-acute provider?
- How can a post-acute provider develop a better relationship with you?
- What statistics and data are important?
- How does quality and cost figure into who you will work with and how do you measure it?
- How does expertise in a particular area impact your decision on who to work with?

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- Have you adopted specific protocols on caring for certain types of patient's post-acute care discharges?
- To reduce readmissions, it likely requires additional staff, care coordinators/case managers, etc., who is paying for this?
- Are payors providing funding for this? If so, how?
- What about medical record coordination? What is happening in this area between hospitals and post acute providers?

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Bundled Payments

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- Another concept of ACA/Healthcare Reform is bundled payments. Has your organization been involved in this?
- If so, what are you doing and what have you learned?
- Where is this likely going in the future?
- How has and/or will bundled payments affect post-acute care providers?

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Narrow Networks

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- Since ACA/Healthcare Reform and exchanges, significant publicity and issues have arisen with regard to narrow networks. How has this impacted you now and potentially in the future, especially in regard to post-acute care?

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Consolidation

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- One of the impacts of significant changes in laws and reducing reimbursement has been consolidation. We have seen it in the hospital setting. Do you expect to see the same thing in post-acute care providers and if so, why?
- Do you see statewide organizations forming to provide healthcare services in the future?
- How do post-acute providers fit in?

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Opportunities For Post-Acute Care Providers

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- What are opportunities for post-acute care providers that you see?
- What should post-acute providers be doing to better position themselves for the future?

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Contact Information

Ira S. Goffman, Esq.
Rolf Goffman Martin Lang LLP
30100 Chagrin Boulevard, Suite 350
Cleveland, Ohio 44124
Office: 216.682.2114
Email: goffman@rolflaw.com
www.Rolflaw.com

Gregory Colaner, President
Altercare of Ohio, Inc.
339 East Maple Street, Suite 100
P.O. Box 2408
North Canton, Ohio
Office: 440.498.8201
Email: gcolaner@altercareonline.net
www.altercareonline.com

**Cyndie Bender, Director of
Community Hospitals Post-Acute
Relations**
University Hospitals Health System, Inc.
3605 Warrensville Center Road, MSC3125
Shaker Heights, Ohio 44122
Office: 216.767.8586
Email: Cyndie.Bender@UHhospitals.org
www.UHhospitals.org

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