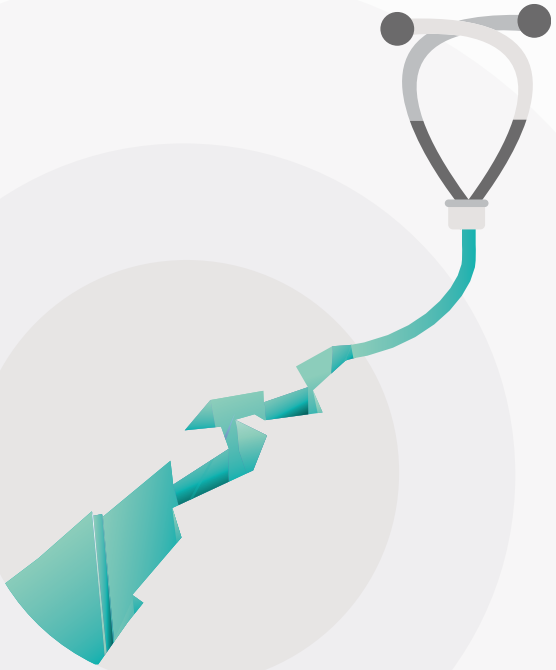
12 Seismic Changes Transforming Healthcare

Why Collaborative Post-Acute Care Holds the Key to Better Outcomes



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Post-Acute Care Plays a Critical Role

A swarm of overhauls to healthcare regulations and demographic shifts have quietly lined up to create a "Perfect Storm" for providers in the U.S. An aging population and a shift to value-based reimbursements are just a few of the changes that are radically redefining the healthcare landscape for everyone involved.

And, it would be a misnomer to talk about these things in terms of temporary "trends". This new healthcare landscape is fundamentally different - and payers, providers and patients need to adapt quickly to the "new norm" in order to survive and thrive.

Focus on Longer-Term Health Outcomes Requiring Proactive Care Collaboration

One common thread in many of these changes is the increased importance of post-acute care organizations including home health, hospice, skilled nursing and assisted living facilities and partners specializing in palliative care.

Since the financial health of hospitals is now tied to health outcomes over a longer period of time - even after the patient is discharged - post-acute care organizations now play a more critical role for everyone involved. For example, hospitals are evaluated by readmission and medication compliance rates after patients are discharged to a skilled nursing facility or transferred to recuperate at home after a hospital stay.

This white paper outlines the 12 most influential changes that illustrate why post-acute care organizations represent an increasingly important component of healthcare. And, it explores how increased care collaboration can improve health outcomes for patients and maximize the financial performance of parties throughout the care continuum.

12 Changes Enhancing the Need For Greater Care Coordination

An Aging Baby Boomer Population with Chronic Conditions

1

The American Hospital Association reported that more than 37 million boomers will be managing more than one chronic condition by 2030. 25% will be living with diabetes, and more than one-third will be classified as obese.

As the population skews older, care organizations will have a greater focus on symptom management for patients with an array of chronic and often complex, comorbid conditions. These individuals will require a higher level of care coordination between family practitioners, in-patient providers, specialists and case managers in post-acute environments. As the industry braces for a growing number of patients facing chronic conditions, greater attention must be paid to sensitive transitions of care to reduce the risk of readmissions and prevent adverse health outcomes.

Baby boomers more likely to remain independent, increasing the demand for home healthcare

2

Baby boomers continue to significantly influence the American culture and economy given that they are one of the wealthiest, most active and physically fit generation in recent years (in spite of chronic condition management). Representing a substantial portion of the population (76 million), successful care organizations are adapting to their increased need for independent living later in life. Given this trend, assisted living facilities and home health organizations have never been more in demand – and continue to grow in popularity.

Technological Advancements Come with a Cost

3

From robotic check-ups to improved equipment for melanoma biopsies, it's exciting to see technology advancing the quality of care. However, with strapped budgets and limited IT resources, how should providers prioritize their investments?

Many care organizations are finding considerable cost containment opportunities through the efficient use of resources. Instead of hiring more full-time clinicians, one promising solution is anchored by the increased use of contract workers and vendor partners to load-balance workloads.

Increased Medication Usage Drives Customized Delivery Options

4

Prescription drug usage is growing with nearly half of the U.S. population taking one or more medications. This places an increased burden on providers to manage side-effects appropriately, avoid adverse interactions and ensure compliance.

With patients taking more prescriptions at a given time, care organizations need to be cognizant of the sensitive requirements related to dosage timing and medication compliance. Post-acute care organizations are now shouldering more of this risk, given patients' increased reliance on managing multiple medications over a longer period of time. One recent innovation to address this challenge is the increased prevalence of pre-packaged, customized medication delivery including pharmacy oversight.

5

Readmissions Under the Microscope

CMS has revised its reimbursement model to penalize hospitals that report higher than normal incidents of readmissions. According to recent reports, only 799 out of more than 3,400 hospitals subject to the Hospital Readmissions Reduction Program performed well enough on the CMS' 30-day readmission program to avoid a financial penalty.

With penalties on the rise, acute-care organizations are searching for affordable solutions to mitigate this risk.

Accountable Care Organization (ACO), Value-Based & Bundled Payments

6

This financial model rewards providers who are doing more and delivering better health outcomes with the same resources.

This fundamental change in the payment model of care has expanded the roles of care organizations throughout the spectrum. Now, hospitals and post-acute care providers are more tightly linked and dependent upon each other for their economic survival. This trend requires collaboration to ensure consistent support along the care continuum.

The New Patient Consumer 7

46 percent of employees have annual deductibles over $1,000 given the rise in High Deductible Health Plans. Given the increased volume of out-of-pocket costs, patients are now in the driver's seat in terms of rewarding providers with their business. Care organizations are now at risk of lowered retention rates if patient satisfaction declines. This evolution has placed an increased focus on the patient experience during and post-discharge.

While the patient consumer has more authority, this poses an increased risk of adverse health outcomes if patients are shouldering the burden of orchestrating their plan of care alone - including provider selection and coordination between vendors.

8 More Specialized Care and Risk of Fragmented Delivery

As patients traverse from acute to post-acute care environments, they receive care from a variety of specialists including case managers, pharmacists, skilled nursing staff, infusion/enteral feeding therapists and more. This increases the risk of patients falling through cracks during transition periods and quality of care plummeting.

The New England Journal of Medicine recently reported that one in five Medicare beneficiaries are readmitted within 30 days of discharge, and one-third are readmitted within 90 days.

Competitive Bidding by Medicare 9

The DMEPOS Competitive Bidding Program was mandated by Congress through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and replaces a fee schedule payment methodology with a competitive bid process. While the program is designed to reduce unnecessary cost in the system, it does introduce confusion among care organizations in terms of how to orchestrate the proper sequence of referrals for DME goods in addition to infusion and respiratory therapies.

10 Hospitals are Leveraging Post-Acute Care Organizations to Load-Balance Traffic

The demand for healthcare has increased exponentially. In a report compiled by the IMS Institute for Healthcare Informatics, the number of scheduled inpatient admissions has grown by 10.5 percent and outpatient visits increased by 13 million in recent years.

Many hospitals and health systems are facing an increasing demand for services while managing a finite pool of physical resources and human capital. To address this issue, many acute-care facilities are seeking partnerships with post-acute care facilities to help transition patients into home care environments and skilled nursing facilities when volumes are high.

More Patients Seeking Hospice and Palliative Care 11

Patients now have more influence in terms of dictating their care protocols. In contrast to previous generations, patients with chronic and often terminal conditions are more likely to direct providers towards a plan of care that meets their personal objectives, which often includes palliative and hospice care.

For example, with an increasing number of patients managing several chronic conditions during end-of-life care, Hospice In-Patient Units (IPU) services are becoming more common for patients seeking short-term care for pain and symptom relief and long-term infusion and enteral feeding services.

12 Increased Focus on Channel Optimization for Cost Control

Both providers and payers have assumed new roles in working together to deliver quality care with an eye towards managing costs. One good example is Clover Health, a health plan startup focusing on Medicare Advantage plans, which is pioneering the use of Population Health Management. While not a new strategy in the industry, it is notable in that healthcare payers are also taking a more proactive role in cost mitigation.

As a result of this industry-wide shift towards cost containment, post-acute care environments become more attractive options in comparison to in-patient care. Skilled nursing facilities, hospice organizations and home care options often require less overhead and leverage more case managers versus specialized clinicians. One recent study found that the daily cost of home oxygen for Medicare patients is 1/30th of the cost of a day in a nursing home, and 1/268th of the cost of a single day's hospital stay..

Collaboration is Key, and the Post-Acute Care Environment Can't Be Ignored

In the past, care coordination between acute and post-acute providers was virtually non-existent. Today there are solutions available to help care organizations adopt more patient-centric delivery models where partners work together to ensure compliance, increase patient satisfaction and improve health outcomes.

It's worth noting that while patients have more independence in terms of selecting their provider and overall plan of care, it places an undue burden on the patient consumer to coordinate care as they transition from an acute to a post-acute care environment. And, this transition period is one of the most sensitive and influential factors in their long-terms health outcomes. Care organizations need to coordinate care that is anchored to the patient - not just the environment - to truly achieve successful care outcomes and control costs.

Successful collaborations between acute and post-acute care organizations include an emphasis on delivering patient education to support a seamless post-discharge experience, simplifying prescription delivery to ensure medication compliance and the deployment of case managers and clinicians to follow the patient all along the way.

Instead of thinking about managing care, care partners should instead manage health outcomes, with a consistent "owner" of the patient's health from point A, to point Z.

That's why extending the reach of vendor partners who can offer a broad range of on-site solutions and services, augmenting existing staff, is an important step towards bridging of these gaps.

About TwelveStone Health Partners

TwelveStone Health Partners incorporates the objective of glorifying God into its mission by delivering a higher level of service to partners and patients. As an organization, TwelveStone supports the transition from acute to post-acute care environments and the transition from sickness to health. This is the third evolution in the company's history, beginning in 1980 when Richard Reeves and Ronald Powell created a single retail pharmacy location then called Reeves Powell Saveway Drug Store. In 1994 Shane Reeves and Rick Sain launched Reeves-Sain and over 20 years grew the organization to include seven companies. In 2015 Reeves Sain Drug Store, Inc., a retail pharmacy, and its specialty pharmacy, EntrustRx were sold to Fred's, Inc. In 2016 Shane Reeves launched TwelveStone Health Partners with the objective of continuing to pursue the highest professional, business and community goals set forth by its founders.

For more information, visit or call.

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