

Biggest Opportunity for ACOs: Post-Acute Care Network Optimization

Your Post-Acute Network is Your Biggest Savings Opportunity

The post-acute care (PAC) market in the United States, including long-term acute care (LTCH), skilled nursing (SNF), home health, hospice, and inpatient rehab (IRF) is expected to eclipse \$500 billion by 2025¹ and represents a massive opportunity for savings due to significant cost variance. A 2013 Institute of Medicine study found 73% of the variation in Medicare spending occurred in post-acute services such as nursing facilities, home health, and long-term-care hospitals.

Post-acute care accounts for 73% of total cost variance in Medicare spending.

As a result, to be successful in new CMS reimbursement models such as direct contracting, Accountable Care Organizations (ACOs) need to look beyond the acute setting to improve outcomes while lowering per member per year (PMPY) cost. ACOs must understand how PAC providers inside and outside of their network perform from a quality and cost perspective to confidently make network rostering decisions.

Proper Post-Acute Care Network Management Requires a Deeper Dive

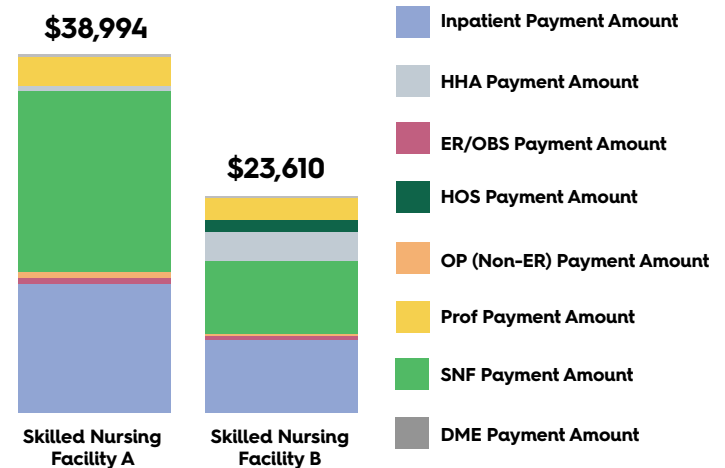
To optimize your post-acute care network, it's important to first understand that specialization exists by patient acuity level and diagnosis. For example, the best home health agency for low-acuity patients after a hip replacement surgery may not be the best agency for high-acuity patients discharged following a heart attack or stroke. That means looking at a provider's overall total cost of care, length of stay, and readmission rates are simply not enough. You need better visibility into risk-adjusted performance by diagnosis and level of acuity

to truly evaluate and then partner with the best PAC providers for your beneficiaries.

When we use this lens, we find the opportunity to save millions of dollars while significantly improving outcomes. Here is a real-life case in point:

- Two skilled nursing facilities within one mile of each other perform very differently with respiratory patients on a risk-adjusted basis. In addition to substantially higher SNF cost, inpatient payments incurred within three months of admission to SNF A are nearly double those of SNF B. Moving respiratory patients from SNF A to SNF B saves \$15,000+ per patient over a three-month stay. With 75 respiratory patients discharged to SNF each year, this one move can save the ACO \$1.1 million per year.

Risk-Adjusted Total Cost of Care During Three-Month Follow-up Period: Respiratory Patients



There are countless examples like this across all post-acute care settings in the U.S. But without actionable insights gained from full visibility into the entire universe of providers available in each market, ACOs are missing the opportunity to construct the best possible post-acute care network.

Five Actions You Can Take Now

Here are the most important things to consider as you optimize your PAC network:

- 1. ALIGN YOUR INTERNAL METRICS WITH THE MOST IMPORTANT REIMBURSEMENT MODELS.**
For example, CMS is using claims-based quality measures for Direct Contracting Entities (DCEs) that include 30-day readmissions, unplanned admissions for patients with chronic conditions, and days at home for patients with complex, chronic conditions.³
- 2. ACQUIRE ACTIONABLE, MARKET-WIDE DATA TO EVALUATE PAC PROVIDERS IN YOUR SERVICE AREA.**
Investing in third party performance intelligence allows you to analyze patient outcomes and cost of care for all PAC providers in your market. Because post-acute provider outcomes will vary based on their patient populations' average risk score, you need carefully standardized data to make clear and accurate comparisons.

The ability to analyze providers on a more granular level using clinical breakouts such as Readmission Penalty Group (RPG), Bundled Payments for Care Improvement (BPCI), and Medicare Severity Diagnosis Related Group (MS-DRG) is also critical for ensuring your beneficiaries receive the appropriate care and can help you determine if partners would benefit from participating in specific alternative payment models.

In this example, while one home health agency (HHA 1) has a lower overall hospitalization rate, we see that for high-acuity patients across three specific diagnostic categories, a second agency (HHA 2) is the better choice for keeping them out of the hospital.

The most recent CMS claims data comes from a small group of vendors, such as Trella Health, that work with CMS directly as Innovators in their Virtual Research Data Center (VRDC) program. The VRDC offers 100% of Medicare Fee-for-Service (FFS) Part A and Part B claims data, typically six to nine months ahead of other sources. Trella also has access to 100% of ACO beneficiary data as well as Medicare Advantage claims, with the team analyzing 1.2 billion VRDC claims annually.

90-day Hospitalization Rate		
	HHA 1	HHA2
All Patients	23%	28%
High-Acuity Patients		
Circulatory	56%	44%
Nervous System	49%	34%
Musculoskeletal	46%	30%

- 3. MAKE DATA-DRIVEN, INFORMED DECISIONS ABOUT YOUR PAC NETWORK.**
You need to understand how all post-acute providers in your service area perform from a cost and quality perspective – whether you're evaluating potential new partners to recruit, creating a preferred provider program, or looking to narrow your network. There is no magic number of providers per care setting, so construct your network to deliver high-quality, cost-effective care tailored to your beneficiaries' unique needs.

Each time your data is refreshed, but no less than quarterly, use scenario analysis to understand how your results could change based on “who’s in, who’s out” of your network.

4. **EDUCATE ACO PARTNERS ON YOUR PREFERRED PAC DESTINATIONS.**
Clearly communicate the preferred providers for each diagnosis and acuity level throughout your ACO to ensure clinician and facility partners are referring to PAC providers that optimize your network performance. Track referral patterns to understand and reduce leakage while also ensuring your partners utilize the right care setting at the right time.
5. **CONDUCT QUARTERLY BUSINESS REVIEWS.**
Evaluate PAC network members based on the metrics most critical to your ACO, validating those metrics with internal and third-party data. You may even create a scorecard to use with providers during these meetings. Take this opportunity to identify gaps in quality and cost performance, then create a plan to help providers improve before the next quarterly review. Consider replacing chronic underperformers with partners better aligned to your goals who can help you maximize shared savings.

Strengthen Your Network with Top-Performing Providers

When it comes to building and maintaining a winning network, you're only as strong as an underperforming partner. Employing a data-driven, comprehensive post-acute care strategy will make the difference for all ACOs going forward. The challenge for network managers is that most data analytics solutions built for ACOs today focus on physician group and hospital performance, while barely scratching the surface on the performance of their post-acute care providers.

Mosaic, by Trella Health, provides unparalleled visibility into market-wide performance metrics across provider types, so you can evaluate risk before you take it on, optimize relationships, and thrive in today's value-based care landscape. And all data is carefully standardized for the clearest and most accurate comparisons available. With the right partners on your roster, your network has never been stronger.

To learn more about how Mosaic can help your organization optimize your PAC network, [schedule a call today](#).

"As a Medicare ACO, it's critical for us to collaborate with the highest value specialists who will deliver quality patient care and enable us to improve health outcomes and reduce costs. Mosaic enables us to take a data-driven approach to optimize our network, unlocking insights that directly impact our clinical and financial performance."

— FARIS GHAWI, CHIEF EXECUTIVE OFFICER & CO-FOUNDER, VYTALIZE HEALTH

About Trella Health

Trella Health is the leading provider of actionable insights for healthcare networks, ACOs, DCEs, and the post-acute care market. We believe that to achieve smarter growth in today's value-based care economy, who you choose to work with is everything—whether it's your referral sources or your network partners. As one of only a few companies in the country deemed an Innovator under the Centers for Medicare & Medicaid Services' Virtual Research Data Center Program, Trella has access to 100% of Medicare Part A and Part B claims and Medicare Advantage data. We analyze and standardize billions of data points from across the continuum of care, and provide the insights our customers need to identify, engage, and manage the best partnerships for their business.

Footnotes

1. Adroit Market Research, US Post-Acute Care Market Size, Share & Industry Forecast 2020-2028, March 2021.
2. Institute of Medicine, Variation in Health Care Spending: Target Decision Making, Not Geography, 2013
3. CMS, Direct Contracting (Professional and Global) Quality Measurement Methodology