RESEARCH REPORT

10 Tactics to Ensure Return on Specialty Investments

Part 2: Strengthen the specialty's value-based appeal

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advisory.com/pacc

programinquiries@advisory.com

RECOMMENDED FOR

Acute and post-acute care strategy leaders

READING TIME

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About this report

Executive summary

Recent developments in the health care market—such as growing inter-sector competition, the possibility of site-neutral payments, and increasingly narrowed networks—encourage post-acute care (PAC) providers to better define and promote their value proposition as a means of differentiation. These developments simultaneously offer new and exciting chances for PAC organizations to expand their roles in the care continuum and serve new patient groups.

Clinical specialization is one strategy to both guard against current threats and take advantage of future opportunities created by a marketplace in transition. Because of the unique nature of their patient populations, many PAC providers already consider themselves specialists. However, there is still significant space for PAC providers to move further into creating well-defined, high-quality clinical service lines. Embracing specialization allows providers to present a clear value proposition that can safeguard volumes by capitalizing on emerging health system needs and preferences.

For PAC providers to succeed in this strategy, a specialization must be a cohesive business venture, not just a marketing endeavor. It requires significant investment and organizational commitment. Building and sustaining a strong specialty over time means allocating dedicated resources to treating a specific patient population and driving to a high level of clinical quality. Providers must ensure that the specialty is different from and clearly, unquestionably better than competitors' offerings.

There are many benefits to a well-run specialty line. A strong clinical specialty can:

- **Drive volumes to a provider** by generating interest in the market among a wide variety of stakeholders—including case managers and patients.
- **Solidify partnerships with referrers and payers taking on risk** by achieving a high level of clinical quality and operational efficiency.
- **Enable a provider to access new revenue streams** by leveraging knowledge gained through practicing the specialty to form new business relationships.

This research report offers 10 tactics to help providers build and support specialty lines that deliver those benefits. These tactics can help providers achieve a full return on investment into specialization and successfully position themselves within the market.

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Specialization is not an end in itself. It's a means to enhance patient care and secure a critical place in the market. Program development should enable strong partnerships with referral sources, driving volume growth and inclusion in narrowing referral networks. Concurrently, a strong specialty enables an organization to explore new business opportunities amid continuing payment transformation.

This research report details 10 tactics to ensure successful return on specialty investment across three vectors. Part 1 covers how to drive volumes and reimbursement in the current, fee-for-service environment. Part 2 delves into how to make an organization attractive to referrers who are taking on downside risk, improving the likelihood of network inclusion. And part 3 looks at how to capitalize on specialty program development to access new revenue streams—often beyond the traditional payment structures of each post-acute sector.

INCLUDED IN PART 1

1 **Maximize volume-driven specialty reimbursement**

1. Solidify volumes through program co-development
2. Harness specialty spillover volumes
3. Capitalize on unique payment system opportunities

INCLUDED IN THIS REPORT

2 **Strengthen the specialty's value-based appeal**

4. Address referrer cost of care priorities
5. Implement staff-driven care protocols
6. Support generalist staff with specialist experts

INCLUDED IN PART 3

3 **Leverage existing specialty expertise to access new revenue streams**

7. Recapture lost volumes by expansion into new sectors
8. Fill downstream service gaps
9. Productize specialty knowledge
10. Realign traditional competencies into novel programs

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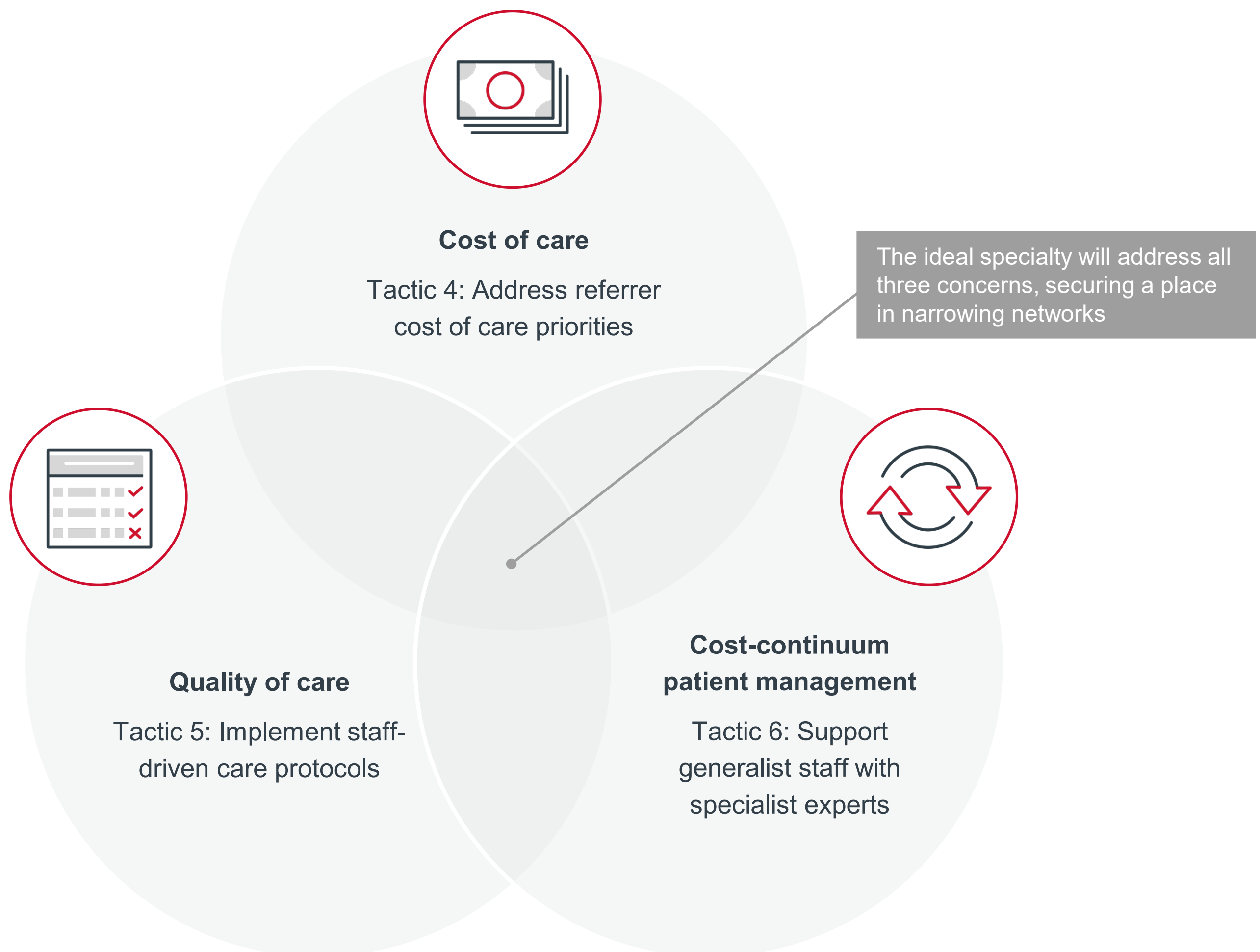
Three major considerations on referrers’ minds

Driving volumes and census is a primary consideration for a post-acute provider’s financial viability. However, as the health care market transitions away from fee-for-service and toward value-based reimbursement, post-acute providers must ensure their selected specialties are attractive to referrers taking on risk.

In the context of value-based care, value is generally comprised of three elements: cost of care, quality of care, and cross-continuum patient management. A strong specialty can and should drive all three.



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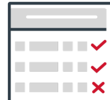
Three major considerations on referrers' minds

The primary consideration for referrers and payers taking on risk is cost. But the elements comprising cost in the new market environment go far beyond the traditional costs post-acute providers have managed and monitored.

Traditionally, a low-cost provider was one with low day-to-day operational expenses. While operational expenses are still critical, referrers taking on risk consider cost to be a far broader metric, encompassing the total cost of caring for a patient across an episode. As such, cost includes readmissions, avoidable downstream utilization, and other challenges associated with inefficient patient management during the post-acute stay and beyond.

To be valuable partners, PAC providers must demonstrate to referrers that they can deliver cost-efficient care across a patient's entire episode.

Traditional post-acute provider cost considerations



- Supply costs
- Nursing hours per patient day (HPPD)
- Therapy costs
- Operational expenses
- In-sector efficiency

Cost considerations for providers carrying longitudinal risk

- Readmissions
- Avoidable utilization of health care services
- Level of downstream support needed post-discharge
- Acute and post-acute care lengths of stay

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Address referrer cost of care priorities

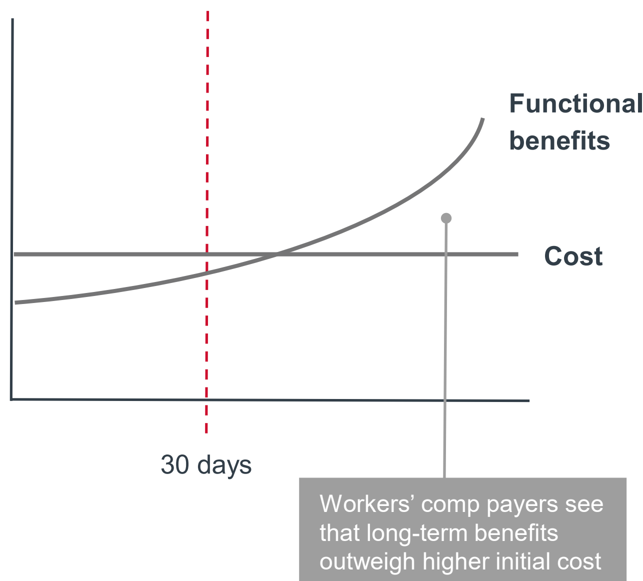
For high-acuity, therapy-intensive providers such as LTACHs, IRFs, and select SNFs, demonstrating their status as a low-cost provider is challenging. Many referrers evaluate a patient episode on a 30-, 60-, or 90-day period after hospital discharge. Viewed narrowly, high-intensity providers are quite costly during that time. Yet in many cases, the interventions provided can reduce costs in the long term, via functional gains and reductions in supportive care. However, those benefits are not easily seen within the episodic window, rendering an uphill battle for those providers to prove value.

All providers must position themselves to address their referrers' cost of care priorities. High-intensity providers may find their ideal strategy is to frame their appeal to referrers whose focus is on a longer episode.

Workers' compensation is one such referrer. Because workers' compensation carriers are responsible for a patient's care until the patient returns to work, the are likely to support more expensive care up front to achieve proven cost reductions in the long term.

Workers' compensation understands long-term cost management

Long-term value of intensive post-acute services



SPOTLIGHT

Workers' compensation

- Category of payers contracted by employers to cover health care costs and other compensation for employees injured on the job
- Generally responsible for all health care costs until the patient is fully recovered and returns to work
- As a result, workers' compensation carriers may be willing to pay higher sums initially in exchange for improved long-term return to function
- Coverage is required in select states and optional in others

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Address referrer cost of care priorities (cont.)

Craig Hospital

93-bed not-for-profit Magnet-Recognition® rehabilitation and research hospital; licensed as a general hospital and an LTACH • Denver, CO

Craig Hospital, an LTACH, has successfully built a strong relationship with workers' compensation carriers. Craig's chosen specialties are traumatic brain injury and spinal cord injury, both injury types common among workers' compensation cases.

Selecting specialties that match the needs of workers' compensation carriers was the first step in building a relationship with those carriers. The second step was to appeal to the carriers' cost of care priorities: reduce patients' long-term medical costs and return them to work as quickly as possible.

Craig Hospital's outcomes demonstrate to workers' compensation carriers that they are able to return patients to function more completely than their competitors are. This sets the carriers up for reduced long-term supportive costs despite a higher up-front investment.

Primary priorities of workers' compensation carriers

1. Achieve recovery from common workplace injuries
2. Return patients to complete function
3. Minimize need for long-term medical support

Ways in which Craig Hospital meets workers' compensation needs

Specializes exclusively in traumatic brain injury (TBI) and spinal cord injury

DATA SPOTLIGHT

Proven ability to deliver functional gains

59%

Of patients with TBI return to work or school one year post-discharge[1]

95%

Of patients with complete paraplegia are discharged directly home[1]

42 points

Average gain in FIM scores at discharge for patients with TBI[2]

"When someone gets hurt on the work site, that employer or that insurance carrier has the responsibility for a lifetime of care. **Like us, their primary focus is on long-term functional outcomes, not short-term costs."**

Mike Fordyce, CEO
CRAIG HOSPITAL

1. National Institute on Disability and Rehabilitation research, 2009-2013 discharges.
2. UDS-PRO, 2013.

Source: Craig Hospital, Denver, CO.

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Address referrer cost of care priorities (cont.)

To ensure a mutually beneficial partnership, Craig Hospital has established an ongoing process for open communication with workers' compensation carriers. The carriers are encouraged to attend care conferences and other ad hoc meetings with workers' compensation patients, but Craig also invites representatives to tour the facility and attend regular education sessions held by Craig leaders. They also frequently share outcomes data with their workers' compensation partners, specifically tailored to the metrics most relevant to the carriers, such as long-term attendant care costs and return to work percentages.

These efforts have helped Craig to build a national referral base with more than 50% of Craig Hospital's patients coming from outside of Colorado, and 16% to 18% referred by workers' compensation carriers.

Modes of communication

Patient/family care conferences

Facility tours

In-service education

Frequent outcomes reports

Relevant metrics to share

Amount of necessary attendant care post-discharge

Patient satisfaction scores

Percentage of patients who return to work or school

Percentage of patients discharged directly to home

DATA SPOTLIGHT

Results of Craig Hospital's workers' compensation outreach

16–18%

Of referrals to Craig Hospital now come from workers' comp carriers

Source: Craig Hospital, Denver, CO

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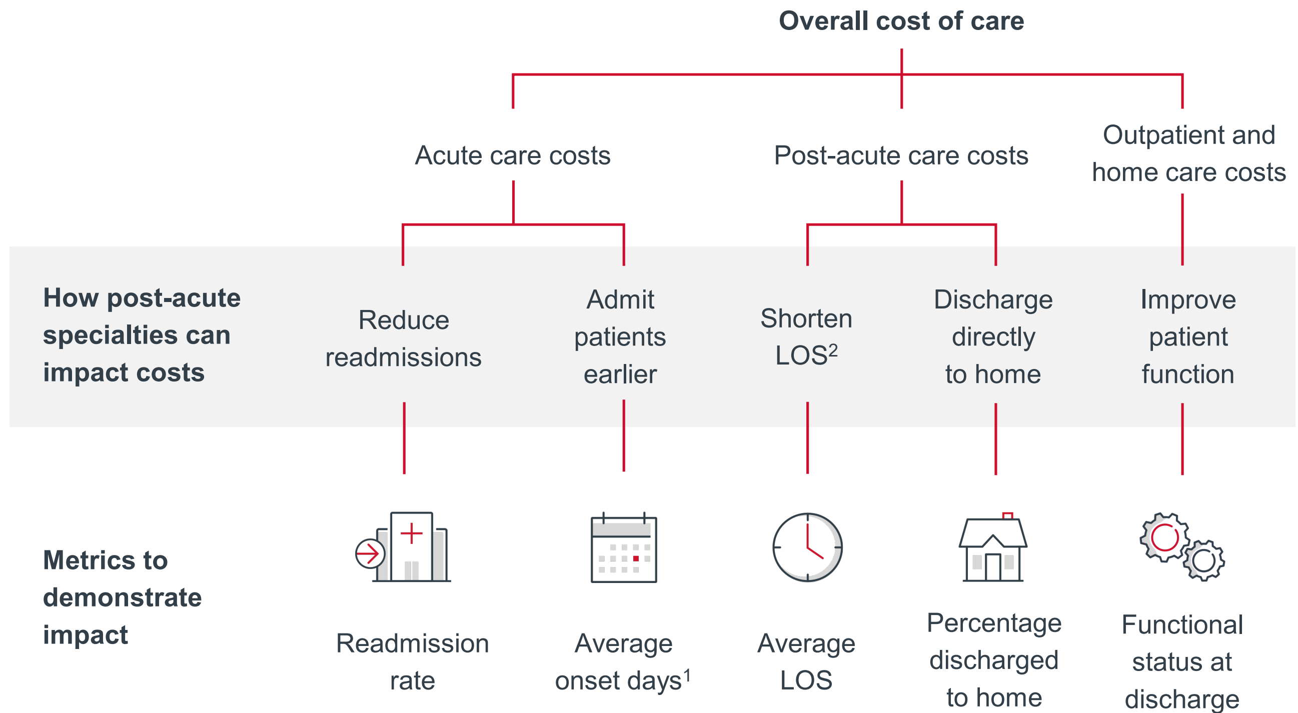
Address referrer cost of care priorities (cont.)

Not all providers will find that workers' compensation carriers are the right partners for them; their cost of care priorities may be misaligned. What's important is that post-acute providers should incorporate referrers' specific cost priorities in the specialty selection process and communicate in the referrer's preferred cost-based terms.

A good specialty can be described by the way it affects costs even beyond the organization's setting, and therefore drives value for the referrer.

The graphic shown here provides a thought exercise to help post-acute providers consider the value of their individual specialty lines when thinking beyond in-setting care. The Post-Acute Care Collaborative encourages all providers to evaluate their own contributions to lowering total cost of care and use those contributions in partnership conversations with referrers who are taking on risk.

Translating your impact into terms payers and referrers understand



1. Average acute setting length of stay before post-acute facility can safely admit the patient.
2. Length of stay.

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Address referrer cost of care priorities (cont.)

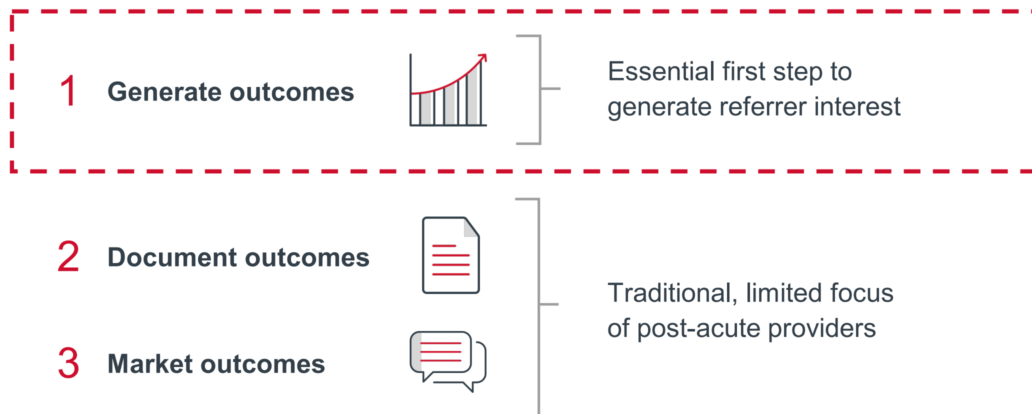
Demonstrating high quality of care is a priority in a value-based care system. In addition to delivering on their commitment to patients, post-acute providers must meet a growing array of outcome and performance measures scrutinized by referral sources.

Many post-acute providers, however, focus more acutely on scorecarding and communicating outcomes to referrers than they do on driving superior outcomes. This is a critical strategic error. To attract value-based referrers, the undeniable first step is to elevate clinical standards and implement processes that generate stellar outcomes.

One of the reasons specialization can drive quality is the repetitive nature of a specialized program, which allows staff practice and time to gain expertise with a specific patient type.

Offering one specialty exclusively is obviously one way to achieve that level of repetition. However, exclusive specialization is not necessarily an optimal strategy for all post-acute providers. Organizations offering more than one specialty must take a more targeted approach to ensure clinical quality.

Three components to quality messaging



DATA SPOTLIGHT

Specialization can be a boon to quality

200% Pressure ulcer improvement in home health agencies with a WOCN,[1] as compared to agencies without

6% Average IRF length of stay reduction for each 1% increase in CRRNs[2]

91% Studies demonstrating specialist surgeons achieve better clinical outcomes than generalist surgeons

1. Wound, ostomy, and continence nurse.
2. Certified rehabilitation registered nurses.

Source: Westra B, et al., “Effectiveness of Wound, Ostomy, and Continence Nurses on Agency-Level Wound and Incontinence Outcomes in Home Care,” *Journal of Wound, Ostomy and Continence Nursing*, 2013, 40(1): 25-33; Nelson A, et al., “Nurse Staffing and Patient Outcomes in Inpatient Rehabilitation Settings,” *Rehabilitation Nursing*, Sep.-Oct. 2007, 32(5): 179-202; Chowdhury MM, et al., “A Systematic Review of the Impact of Volume of Surgery and Specialization on Patient Outcome,” *British Journal of Surgery*, Feb. 2007, 94(2): 145-61.

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Implement staff-driven care protocols

CASE EXAMPLE

Sheltering Arms Physical Rehabilitation Hospital

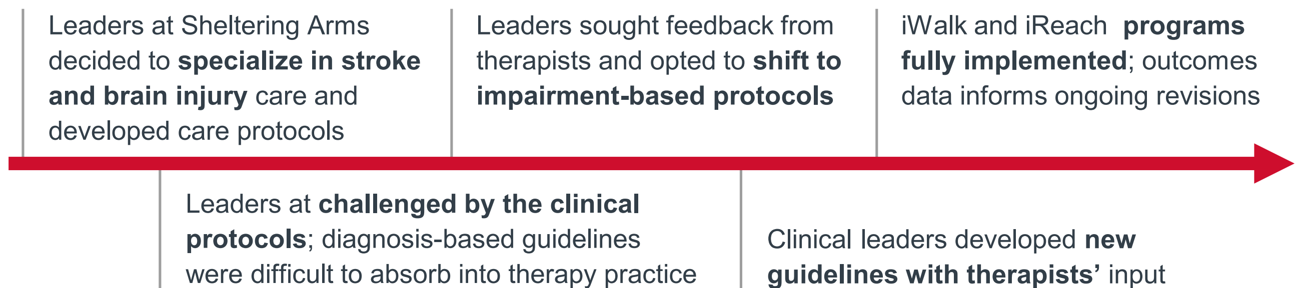
Rehabilitation system; two IRFs, several outpatient therapy locations, multiple physician clinics, community-based transitional programs, and a home health agency • Richmond, VA

Implementing care protocols, also known as care pathways, is foundational to improving clinical quality. Good protocols reflect evidence-based guidelines for care delivery, standardizing elements of care to ensure consistent outcomes. They also support staff in delivering excellent specialty care.

Many organizations make one critical mistake when designing and implementing protocols: they fail to obtain staff buy-in. Seeking staff input not only improves staff use of and compliance with the protocols, but also can improve the protocols themselves, based on staff members' extensive on-the-ground knowledge.

Leaders at Sheltering Arms, an IRF, listened to therapist feedback that their protocols focused too much on diagnosis. The leaders revised the protocols to target physical impairments common across their patient population instead they built the iWalk and iReach clinical programs specializing in patients with gait and upper limb mobility, respectively. Together, the protocols and associated programs have achieved strong functional gains and driven physician referrals to Sheltering Arms.

Evolution of Sheltering Arms's iWalk and iReach protocols



"Therapists don't treat a diagnosis. They treat a functional impairment. iWalk and iReach work for a wide variety of patients because the disease might be different, but the impairment is the same."

Jim Sok, CEO
SHELTERING ARMS

DATA SPOTLIGHT

Achieving functional gains

20% Additional FIM improvement for iWalk patients as compared to regional average[1]

425 Average additional improvement in iWalk patients' in six-minute walking distance, in feet, with clinical practice guidelines[1]

1. Controlled for age, length of stay.

Source: Sheltering Arms Physical Rehabilitation Hospital, Richmond, VA.

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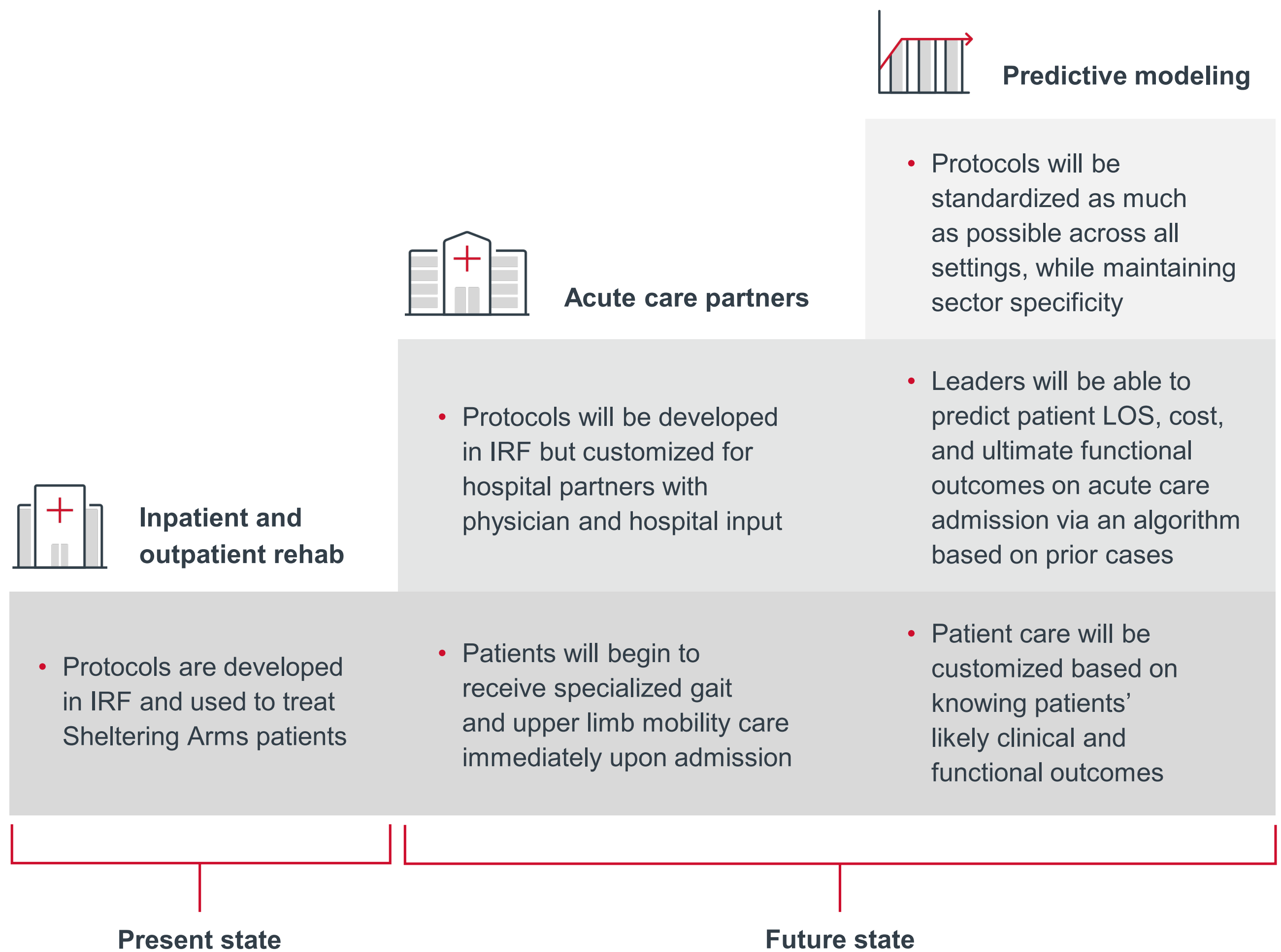
Implement staff-driven care protocols (cont.)

As referrers become increasingly accountable for care delivered beyond their setting, they are identifying post-acute partners who can influence downstream care results.

Comprehensive, cross-setting care is the motivation behind Sheltering Arms's future evolution of the iWalk and iReach programs. While the protocols are currently used in the inpatient and outpatient rehab services at Sheltering Arms, leaders plan to implement the protocols in the acute care setting by partnering with their referral sources to establish a single, cohesive cross-continuum care plan for patients with gait and upper limb mobility impairments.

The ultimate goal is to use the protocols consistently across a patient's full episode so that Sheltering Arms can capture reliable data on patients' assessment at admission and functional outcomes at discharge. This comprehensive data set will enable Sheltering Arms to predict a patient's likely length of stay, cost of care, and functional outcome at the point of acute care admission.

Evolution of Sheltering Arms' iWalk and iReach protocols



Source: Sheltering Arms Physical Rehabilitation Hospital, Richmond, VA.

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Support generalist staff with specialist experts

CASE EXAMPLE

MedStar Visiting Nurse Association

Home health agency, part of MedStar Health • Parts of MD, VA, and DC

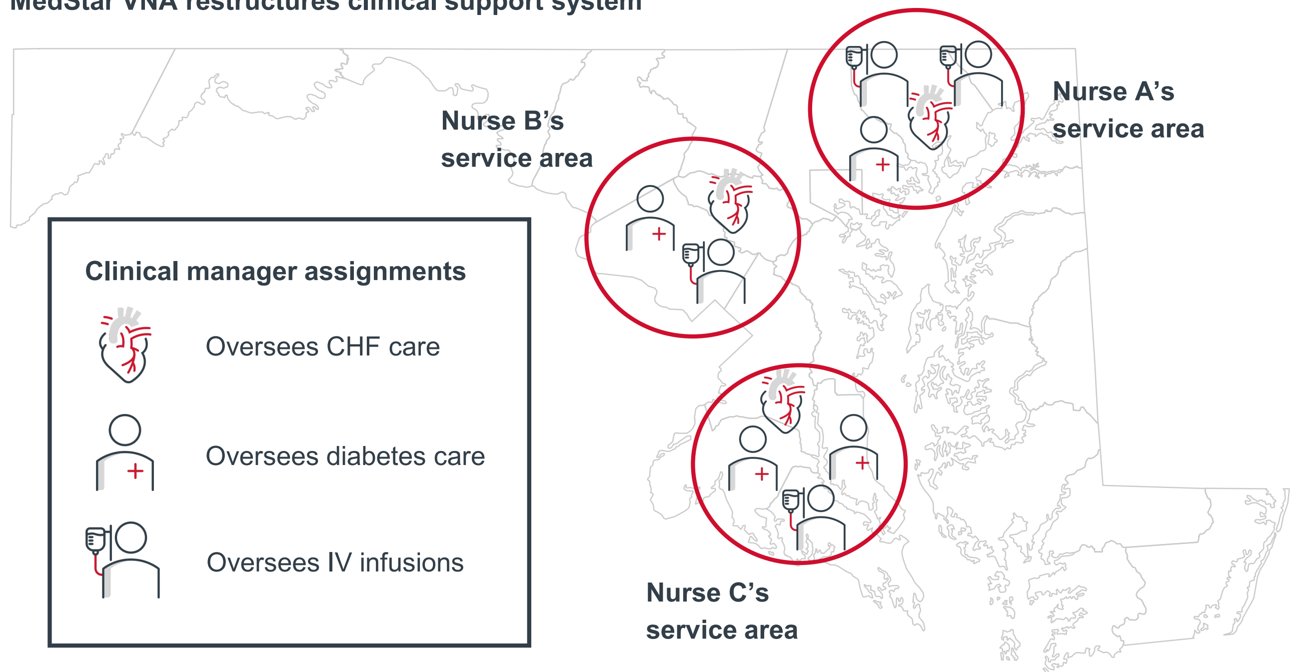
Care protocols set a foundation for high-quality care delivery but are not a substitute for clinical experience and expertise.

Specialty expertise can be especially challenging for home health providers, who are typically generalists out of necessity. Home health nurses typically manage geographic areas and must be prepared to care for all patient types nearby. This type of assignment improves efficiency by minimizing nurse travel time, but it reduces nurses' ability to deliver specialty care once a patient returns home.

MedStar Visiting Nurse Association, a home health provider associated with MedStar Health, has solved this challenge by assigning each nurse manager to a clinical specialty area.

At MedStar, home health nurses are assigned to patients geographically, but they are matched with a different manager based on each patient's clinical presentation. This gives the nurses easy access to a specialist in the patient's primary condition, delivering specialty care without being specialists themselves.

MedStar VNA restructures clinical support system



Source: MedStar Visiting Nurse Association, Columbia, MD.

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Support generalist staff with specialist experts (cont.)

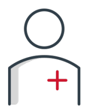
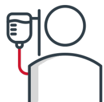
Two components ensure MedStar's manager assignment structure results in excellent specialty care.

First, managers must be true specialty experts. They are assigned to specialties based on previous experience, certifications, and skills, making certain they can coach home health nurses through the complex challenges unique to each patient type.

Second, nurses must have real-time access to their assigned managers. At MedStar, the correct manager is assigned by the system's EHR based on each patient's most acute or circumstantially relevant condition. The assigned manager's contact information is auto-populated, and the manager can view the nurse's documentation in real time. All nurses carry work-issued secure cell phones to create a direct link to the manager, enabling the nurse to call the manager with any questions and even send photos as needed.

These connections ensure specialty care is delivered seamlessly across the entirety of the health system, strengthening the relationship between the hospital system and VNA.

Experience-based manager assignment

	Manager's background		Specialty assignment
	Former inpatient neurology RN		Stroke
	Certified wound, ostomy, and continence nurse (WOCN)		Wound care/ diabetes
	Skilled at IV care		IV team

- Patients with comorbidities assigned based on most acute or pertinent condition.
- If patient's condition changes, manager assignment can be altered at any time.

Easy-to-access support

Direct EHR connection

- Patients are assigned to disease category and associated manager in the EMR.
- Manager has real-time visibility into nurse's documentation.
- If any trouble spots are seen in the EHR, manager contacts nurse directly.

One-demand phone support

- Nurses can securely send photos of wounds to managers as needed.
- Nurses are provided email-capable mobile phone for their workday.
- Appropriate manager's phone number auto-populates in the EHR for questions.

Source: MedStar Visiting Nurse Association, Columbia, MD.

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Conclusion

Driving volumes is a key consideration for a post-acute provider's financial viability. However, as the health care market transitions away from fee-for-service and toward value-based reimbursement, post-acute providers must ensure their selected specialties are attractive to referrers taking on risk.

In the context of value-based care, value is generally comprised of three elements: cost of care, quality of care, and cross-continuum patient management. A strong specialty can and should drive all three.

Check out the third and final installment in this three-part series to learn how post-acute providers can leverage existing specialty expertise to access new revenue streams.

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Want more on post-acute strategy?

The Post-Acute Care Collaborative has developed numerous resources to help program leaders secure long-term growth and market share. The resources detailed below supplement the information in this publication. All of these resources are available in unlimited quantities through the Post-Acute Care Collaborative membership.

Available within Post-Acute Care Collaborative membership

Resource library: Care Pathways

Standardized care protocols can help reduce unwanted care variation and ensure high quality outcomes across an episode of care. This resource library provides a collection of implementation guidance and example protocols for specific conditions commonly managed in both acute and post-acute settings, including cardiovascular, neurological, orthopedic, and pulmonary.

Research report: Telehealth in Post-Acute Care

Telehealth continues to garner interest from providers and payers due to its potential to expand access to care, improve quality, and reduce costs. While acute care systems are currently leading the charge on telehealth implementation, it extends to the post-acute space as well. This research report will help post-acute providers understand the current market, payment mechanisms, and investment considerations for telehealth programs in order to help inform future strategy.

Implementation resource: Care Transitions Mapping Tool

The Care Transitions Mapping Tool provides insights on patient movement between acute and post-acute providers within 30 days of discharge from the acute care setting. Providers can use this data to better understand relationships between acute and post-acute care partners. They can also learn about opportunities to forge new partnerships that improve outcomes and reduce cost of care.

Implementation resource: SNF Benchmark Generator

The Skilled Nursing Facility Benchmark Generator provides Medicare benchmarks so you can compare your performance to that of your peers across an array of financial and utilization benchmarks. Providers can customize a cohort to compare their own performance to others in the same market or to SNFs with similar characteristics in other markets.

Contact us at programinquiries@advisory.com or visit advisory.com/pacc to learn more.

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Post-Acute Care Collaborative

Project Director

Monica Westhead

westheadm@advisory.com
202-266-5738

Research Consultant

Tripti Rathi

Program Leadership

Jared Landis

Design Consultant

Sarah Rindone

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