



What is the Current State of Preferred Provider Networks?

Six takeaways from the 2019
Acute/Post-Acute Partnership Survey

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Post-Acute Care Collaborative
advisory.com/pacc
postacute@advisory.com

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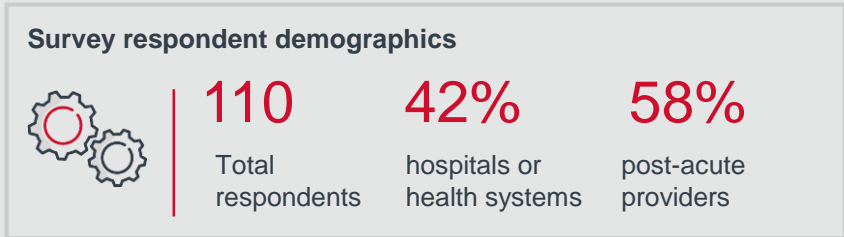
READING TIME

10 min.

Executive summary and table of contents

The Acute/Post-Acute Partnership Survey

In the fall of 2019, we surveyed providers across the country to learn more about the current state of acute/post-acute partnerships.



This report is part of a three part series that describes the results of the survey and outlines key insights on how to drive better results from acute/post-acute partnerships.

- **Part one:** Why do providers form partnerships, and are they successful?
- **Part two:** How are acute and post-acute providers collaborating?
- **Part three:** What is the current state of preferred provider networks?

Six takeaways on the current state of preferred provider networks

Preferred provider networks are often considered the gold standard of acute/post-acute collaboration. But how are providers actually selecting network partners, and how are they managing those relationships? This report focuses on preferred provider network participation and management, describing key insights on what providers are currently doing – and what they should be doing.

Part one: Network participation

- 1 Preferred provider network participation is growing – fast.3
- 2 Networks aren't just for SNFs anymore.3
- 3 When it comes to selecting preferred providers, quality beats convenience.4

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- 5 Network meetings still focus on data sharing, not process improvement.6
- 6 Fewer than two-thirds of patients discharge to in-network SNFs.6

For an overview of all of these takeaways, along with Advisory Board best practices and supporting resources, turn to **page 7**.

Source: Post-Acute Care Collaborative interviews and analysis.

Preferred networks are expanding in popularity and scope

1 Preferred provider network participation is growing – fast.

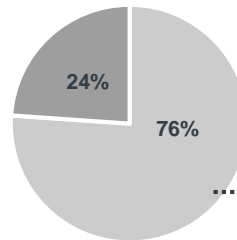
Over three quarters of surveyed hospitals already had a functioning post-acute network – almost double the percentage that had one in 2017.

In addition to the 76% with a network, 6.4% of hospitals were in the process of building one, and 6.4% were planning on building a network.

Preferred provider network status, 2019

n=46

Hospitals without a network



Hospitals with a network

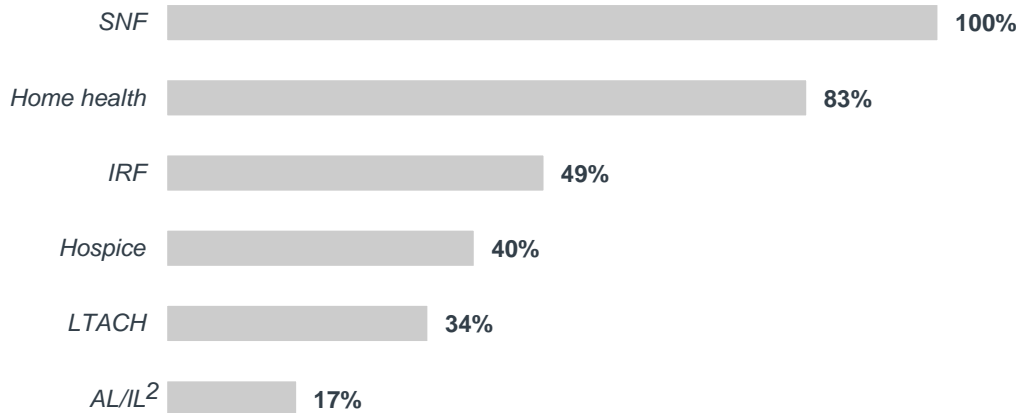
Increase from **42%** in 2017¹

2 Networks aren't just for SNFs anymore.

On average, hospitals include **three different provider types** in their preferred network or networks, spanning the continuum from LTACH to independent living.

Percentage of hospital respondents including each provider type in their network

n=46



INSIGHT

Forming preferred partnerships with diverse provider types can help hospital systems **reach more of their patients post-discharge** – and start building cross-continuum programs that span multiple settings of care.

Network inclusion also correlated strongly with post-acute ownership status. Hospitals with an owned LTACH, for example, were much more likely to have an LTACH in their network than those without one.

1. The 2017 Bundled Payment Survey had 194 respondents; 60% of respondents represent hospitals or health systems, 24% of respondents represent post-acute providers, and 13% of respondents represent physician groups.

2. Assisted Living/Independent Living.

Source: Post-Acute Care Collaborative interviews and analysis.

Quality is still king: outcomes drive network strategy

3 When it comes to selecting preferred providers, quality beats convenience.

When asked to choose the three most important metrics they consider when selecting preferred providers, hospitals picked quality – readmission rates and star ratings – at almost twice the rate as any other qualification.

Qualification	Percent selecting in the top three	
Readmission rates	70.60%	Quality
Published quality scores (e.g., Star Ratings)	64.70%	
Average length of stay in post-acute setting	38.20%	
Geographic location	38.20%	Convenience
Volumes currently discharged to post-acute provider	29.40%	
In-setting quality outcomes (e.g., adverse events, mortality)	23.50%	

Although quality was the clear winner, additional analysis showed that most respondents consider each of the above qualifications important when selecting preferred partners:

- ▶ **Fewer than 12% of respondents** selected staffing levels, bed availability/timeliness of home health delivery, and amenities as a priority. However, less than 5% indicated these qualifications were “not important at all.”
- ▶ **“Volumes currently discharged to post-acute provider”** was the most polarizing choice. Close to 30% selected it as a top three priority, and 24% indicated that it was not a priority at all – the highest of any listed qualification.



INSIGHT

Hospital systems need to consider diverse qualifications when they're selecting preferred partners. At minimum, they should evaluate:

- Where are you already sending patients?
- Which providers are already performing well on the quality and efficiency metrics *that you're at risk for*?
- What providers in the market have specialty programs that can help you manage difficult patient populations?
- Which providers have shown a willingness or capacity to collaborate?

Source: Post-Acute Care Collaborative interviews and analysis.

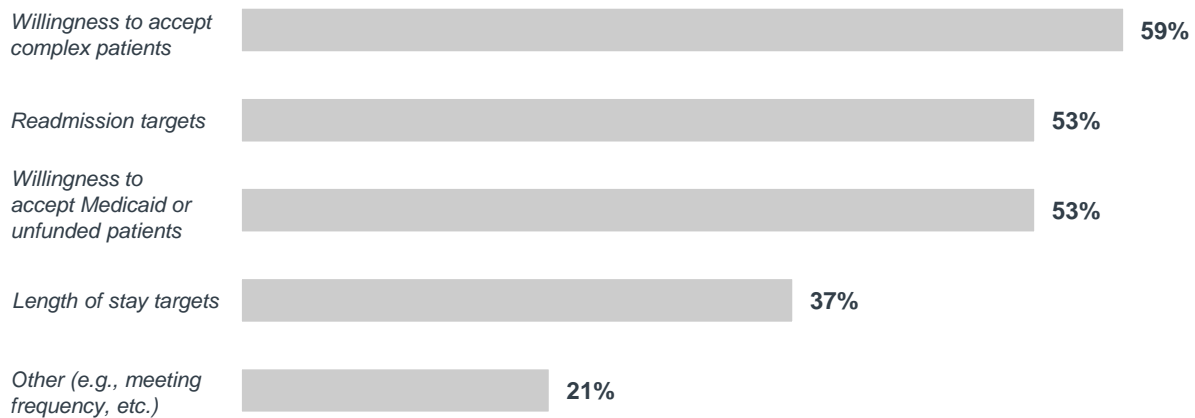
Affiliation agreements present key opportunity to align goals

4 Patient complexity and readmission rates top list of participation requirements.

The majority of hospitals – 65.6% – have a formal contract or affiliation agreement with all of their preferred providers, and 21.9% have agreements with just some of their partners. Of those with formal partnership agreements, 88.2% had expectations included in those agreements.

Types of expectations included in network affiliation agreements

n=46



INSIGHT

Network affiliation agreements can help providers **set common goals and expectations with their partners**. To identify goals to write into the agreement, hospitals should evaluate their partners' current performance and their own aspirations for the network. Then, collaborate with each individual provider to set shared, achievable expectations.

- ▶ While the specific expectations will vary based on individual provider goals and market dynamics, **each agreement** should include commitments related to willingness to collaborate and participation in cross-network meetings.

Still work to be done: network meetings and in-network utilization

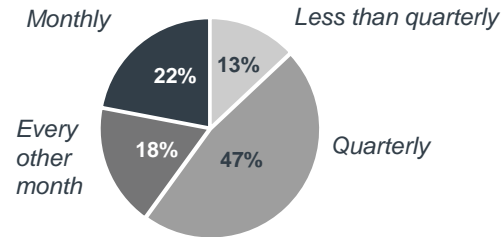
5 Network meetings focus on data sharing, not process improvement.

Most hospitals meet with their full preferred network *at least* quarterly. When asked to choose the primary focus of those meetings:

- **52.2%** selected reviewing data
- **33.3%** selected identifying opportunities for quality or process improvement
- **Less than 10%** selected 'other'

Frequency of network meetings

n=46



INSIGHT

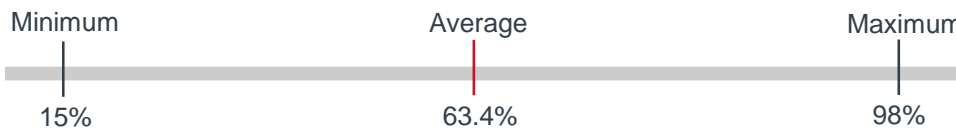
Networks **should meet at least quarterly** – but these meetings need to go beyond data tracking. Network meetings are an ideal opportunity for partners to share best practices, brainstorm new strategies, and learn about new joint initiatives.

6 Fewer than two-thirds of patients discharge to in-network SNFs.

Hospitals only benefit from networks if their patients elect to discharge to a provider within that network. Although in-network utilization rates can vary widely by market, the survey data showed that on average, around 63% of patients discharge to in-network SNFs.

Percentage of patients selecting an in-network SNF

n=46



INSIGHT

Patient choice laws restrict direct referrals to specific post-acute providers. However, hospitals can guide patients to preferred partners by discussing the benefits of choosing a preferred provider and sharing quality information with patients and families.

Support for improving network outcomes

Mapping Advisory Board best practices to survey findings

Survey finding	Advisory Board insight	Supporting resources
<p>1 Preferred provider network participation is growing – fast</p> <p>2 Networks aren't just for SNFs anymore</p>	<p>Preferred provider networks are an ideal tool for hospitals to manage post-discharge outcomes and spend. For post-acute providers, involvement in a network can open up new opportunities to grow volumes and improve quality outcomes.</p>	<ul style="list-style-type: none"> • For hospitals: The Blueprint for a Successful Post-Acute Network • For post-acute providers: The Playbook for Hospital/Post-Acute Collaboration
<p>3 When it comes to selecting preferred providers, quality beats convenience</p>	<p>When creating a network, hospitals should include post-acute providers who already excel at the metrics they're tracking (e.g., LOS, readmissions) <i>and</i> those that receive a substantial portion of their patient population.</p>	<ul style="list-style-type: none"> • Post-Acute Pathways Explorer • The Blueprint for a Successful Post-Acute Network – steps 3 and 4
<p>4 Patient complexity and readmission rates top list of participation requirements</p>	<p>Work with your partners to set common goals and expectations – and write them into partnership agreements. All agreements should include expectations around active participation in the network (meeting attendance, etc.).</p>	<ul style="list-style-type: none"> • Strategies for Implementing and Managing a Hospital-PAC Affiliation Agreement • The Blueprint for a Successful Post-Acute Network – step 4
<p>5 Network meetings still focus on data sharing, not quality improvement</p>	<ul style="list-style-type: none"> • Networks should meet at least quarterly • Use meetings to share best practices, brainstorm new strategies, and learn about key joint initiatives 	<ul style="list-style-type: none"> • The Post-Acute Consortium Toolkit
<p>6 Fewer than two-thirds of patients discharge to in-network SNFs</p>	<p>To improve in-network utilization rates, hospitals should:</p> <ul style="list-style-type: none"> • Develop informative patient-facing discharge education resources • Educate discharge planners and physicians about preferred providers 	<ul style="list-style-type: none"> • The Guide to Promoting In-Network Utilization

Source: Post-Acute Care Collaborative interviews and analysis.

Post-Acute Care Collaborative

Project Director

Carolyn Buys

buysc@advisory.com

202-266-6591

Research Team

Aliki Karnavas

Kate Samuelson

Program Leadership

Jared Landis

Monica Westhead

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