

Subacute Providers Offer the Flexibility Managed Care Organizations Seek

BY MICHELLE HEY

Providers of subacute care services face myriad opportunities in today's healthcare environment. But to take full advantage of these opportunities, they will have to take steps such as strategically positioning themselves in the continuum of care, finding their managed care niche, and providing payers with measurable outcomes. Healthcare experts addressed these issues at the Subacute Summit, held recently in St. Louis by RehabCare Group, a contract management company that provides postacute services in nearly 100 hospitals across the United States. Healthcare facility administrators, patient-services executives, operating officers, and industry analysts were among the participants in the Summit, which was developed by Claire Willman, RehabCare Group's assistant vice president of market development.

SUBACUTE DELIVERY MODELS

Healthcare organizations thinking about venturing into the burgeoning arena of subacute care



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must consider many factors. First they must determine their place in the continuum of care, stated Jay Rimovsky, vice president of subacute operations for St. Louis-based RehabCare Group. He advised participants to think about which care model will work best in their facilities and communities.

Transitional Care Model The transitional care model serves high-acuity patients, those who need high-level subacute services such as nursing and physician oversight, explained Rimovsky. The subacute care organization must be hospital based so patients have easy access to traditional acute services. In this model, the subacute organization's goal is to help patients move from acute care to home.

Subacute Care Model Organizations that follow the subacute care model serve patients who need moderate- to low-level subacute services such as orthopedic rehabilitation. Organizations that provide care for persons with AIDS or cancer typically adopt this model. Usually such organizations are community based, but it is not uncommon for them to be hospital based, Rimovsky pointed out. The goal is to provide a highly specialized level of care and then link patients with the next level of care.

Chronic Subacute Care Model High-acuity patients whose recovery is likely to be slow (from as few as two to three weeks to as many as two to three months) are best served within the chronic subacute care model, Rimovsky told Summit participants. An organization working within this model needs to be hospital based, acting as a "hospital within a hospital." The goal is to provide intense care to a medically complex patient population, such as persons needing pulmonary rehabilitation. Because such patients are usually not functionally independent at the completion of their stay, they often move to nursing homes or assisted living arrangements that offer skilled care.

Skilled Care Model Organizations working under the skilled care model serve patients with low acu-

WHAT MANAGED CARE WANTS FROM SUBACUTE CARE

Lisa Butlak listed the following characteristics managed care organizations seek in subacute care providers:

- A full continuum of subacute services
- The ability to serve a vast geographic area
- Around-the-clock care
- The ability to admit patients seven days a week
- Care planning focused on the continuum to prepare the patient for the next level of care
 - Flexible, value-based pricing
 - Measurable quality and outcome standards based on critical pathways
 - Formal outcome reports (current, three months, six months, one year, recidivism)
 - Member satisfaction

ity but projected slow recovery, with a length of stay of 60 to 100 days. Such an organization should be community based, noted Rimovsky. The goal is to provide skilled nursing services to help patients link with assisted living arrangements or board-and-care facilities at which marginal assistance is provided.

POSITIONING FOR MANAGED CARE

Once providers decide which subacute care model they will adopt, they need to find their niche in the managed care environment. The managed care phenomenon is sweeping the nation, and subacute providers must jump on the bandwagon now or risk being left behind, warned Lisa Butlak, RehabCare Group's senior vice president of marketing and network relations. The **Box** on p. 62 lists what managed care organizations are seeking from subacute providers.

Butlak said that, before entering a managed care contract, a subacute provider should know its capabilities and what services it can provide, to whom, in what setting, at what times, and—most important—at what cost. A subacute provider must consider its outcomes management tools and reporting capabilities, as well as whether it is part of a larger continuum that could affect its managed care contract rates.

Next, a subacute provider needs to make a shift from profit-center to cost-center thinking, stated Butlak. This requires an understanding of fixed costs such as overhead and variable costs such as nursing, therapy, and other ancillaries.

Butlak advised Subacute Summit participants to become familiar with the population they serve, including their health status; utilization patterns by age, sex, and occupation; and actuarial data like the number of admissions and lengths of stay. Studying competitors is also important, noted Butlak. She said providers should do a SWOT analysis, looking at their strengths, weaknesses, opportunities, and threats. The **Box** at right describes some of the steps a subacute provider should take once it has completed these tasks and decided to enter a managed care contract.

SUBACUTE OUTCOMES

Today, payers are looking for good value and reviewing providers' outcomes. Therefore subacute providers must be able to give payers up-to-date outcomes data, Bob Bianchi told participants. Acute providers are accustomed to doing this, but subacute providers are just beginning to



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establish outcomes measurement systems, said Bianchi, senior vice president, Program Services, RehabCare Group. Bianchi emphasized that subacute outcomes measurement programs must not mirror programs written for acute rehabilitation services. He pointed out that they are different service lines, each having its own unique elements. Bianchi described the major components of an evaluation program:

- The outcomes measurement program must be fast, able to respond to payers' need for "real-time data." It must also be versatile, offering specific information to payers.
- Ease of use is important. Bianchi recommended that program planners ensure that users can access only information they need, leaving out clutter.
- The outcomes measurement program should interface with other providers' systems, since subacute services are now becoming a major component of the continuum of care.
- An effective outcomes measurement program must also be capable of providing cost and clinical information.

ESTABLISHING A MEASUREMENT SYSTEM

Bianchi advised including certain measurements to ensure the subacute outcome measurement system is practical and usable.

Satisfaction Measurements Payers universally want to review a subacute provider's ability to satisfy clients, said Bianchi. Patients' perception of value includes

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MANAGED CARE CONTRACTING: SOME POINTS TO REMEMBER

For subacute providers attempting to establish a contract with a managed care organization, Lisa Butlak recommended the following:

- Carefully review the definitions and terms of the contract. It should clearly define the services the managed care organization will and will not cover.
- Outline admission, transfer, and discharge procedures.
- Clearly identify how payments will be made, especially who will be responsible for copayments on noncovered services and for billing.
- Establish what the subacute provider's relationship will be with physicians, stating how physicians providing subacute care will be reimbursed.
- Spell out policies and procedures.
- Evaluate the managed care organization's solvency.

SUBACUTE

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their views on whether the continuum of care is seamless (i.e., whether they can avoid moving physically as they move through different types of care), the speed of a provider's response to patients' needs, and a provider's ability to listen to clients' needs.


Patient Improvement Measures Bianchi stated that an outcomes measurement system must be capable of measuring medical outcomes that apply to a majority of patients. This includes keeping track of comorbidities (most subacute patients have an average of four). In addition, he noted that it is especially important for subacute providers to track the percentage of patients who return to acute care settings and to track incidents such as falls, restraints, and complaints. Finally, the system should measure patients' acuity.

Performance Measurements Subacute providers must be able to respond to referrals quickly or risk losing referral sources. Bianchi advised participants that a program must also be able to provide payers with information on length of stay and destination (e.g., home) once subacute care is complete.

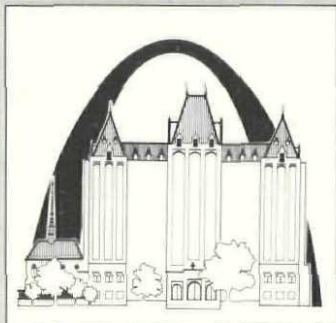
Other Measurements Finally, Bianchi told subacute providers to ensure that their evaluation programs are capable of measuring the types of services delivered, outliers, recidivism.

THE SUBACUTE EXPLOSION

Healthcare's focus has turned to the postacute continuum, stated Rimovsky, because subacute providers have become more responsive to patient needs and offer the flexibility to address today's healthcare challenges. He urged participants of the Subacute Summit to take advantage of the "subacute explosion" rocking healthcare today. □

 For more information, contact Jay Rimovsky, RehabCare Group, 314-863-7422, ext. 250.

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