Can **Inpatient Rehabilitation** Facilities and Units Boost Performance in a Value-Based World?

Background

As new healthcare delivery models evolve and adjust to market and regulatory changes, post-acute care (PAC) providers have a critical role to play. As part of this overall shift, alternative payment models are emerging, including shared financial risk among hospitals, PAC providers and payers. To address these changes, PAC managers must understand the numerous and often complex factors affecting patient care and reimbursement within the value-based model.

What Is the Role of the Inpatient Rehabilitation Facility/Unit in the Value-Based Model?

With the regulatory climate in flux and reform on the horizon, many hospital executives are questioning the **value of inpatient rehabilitation facilities and units (IRF/Us) and their place in the post-acute care continuum.** Today's healthcare environment is challenging for hospital CEOs; competing priorities demand their attention, and keeping everything on track is no small feat.

Most hospital executives spend a great deal of time balancing the competing demands of medical and surgical services, with more attention given to external post-acute providers who are receiving their patients. **IRF/Us provide opportunities for greater control over post-acute services.** With a new emphasis being placed on the transition between hospital and home, rehabilitation units focus on patients who require intensive, short-term rehabilitation care. This level of service is critical for patient recovery and essential in reducing readmissions to acute care hospitals and avoiding possible financial penalties. **CEOs should be looking very closely at this service line as a tool to control and manage post-acute spend.**

There is no question that maintaining a well-run IRF/U is complex. There are a multitude of regulatory requirements, including the three-hour rule, IRF-PAI and the 60/40 regulation, and keeping everything compliant can be a challenge. Yet IRF/Us have the potential to become high-performing centers of excellence, providing intensive rehab services to help patients recover as quickly as possible and to optimize the performance of assets that are already in place. If this service line is properly managed, the needs of the hospital and patients are met and the unit's performance increases exponentially, lowering reliance on non-hospital system assets.

Under the value-based model, IRF/Us will be expected to deliver continuity of care for patients in an integrated healthcare system. In the future, successful IRF/Us will be structured so that they have an inherent ability to deliver on these continuity-of-care expectations. This is due to the fact that properly structured IRF/Us have the optimal infrastructure and staffing to meet patient and clinical needs and the systems to address compliance and regulatory requirements.

When operating efficiently, IRF/Us will be able to drive cost savings through:

- Lower mortality rates;
- Shorter inpatient stays;
- Lower readmission rates;
- Fewer emergency room visits; and
- Better patient outcomes.

When operating inefficiently within the context of value-based purchasing, IRF/Us run the very real risk of underperforming peers and incurring financial penalties.

The Steps to Success

There are a number of steps IRF/Us can take in order to maximize operations under a value-based model. Below is a summary of ten opportunities that can be leveraged to create a high-performing IRF/U. Familiarity with these details and/or partnering with an experienced management company can position IRF/Us to best serve patients, redirect market share and control post-acute spends.

Step 1. Assess the performance of your inpatient rehabilitation unit

How does your performance compare to that of high-performing IRF/Us? In order to answer this question, you must analyze and benchmark your:

- Internal admissions process;
- External use of skilled nursing providers;
- Internal cost of care;
- Re-admission rates;
- 60/40 compliance;
- Case mix acuity and diagnostic mix; and
- FIM gains (functional improvement).

It is also imperative that you ensure the availability of training and orientation for medical directors and staff, as well as creating a business plan for the unit.

Step 2. Evaluate internal and external market demand for rehabilitation services

Understanding market demand requires a holistic analysis of your potential patient population, including:

- What percentage of your med/surg patients are in need of rehab services?
- Where are you currently sending these patients?
- What are the most common diagnoses?
- Which patients belong in SNFs and what is the overall cost?

Evaluating internal and external opportunities and implementing strategies to capture downstream business will redirect market share and stabilize unit volume, which lowers cost per discharge.

Step 3. Determine strategic direction for your rehabilitation unit

After evaluating market demand and your unit's current performance, you must now determine the strategic direction of your rehab operations. For example:

- Should you expand or close your rehab unit?
- Should you consider opening a rehab unit if you are currently sending those cases elsewhere?

A well-run rehabilitation unit provides a seamless transition for patients in need of intensive rehab services, lowers readmission rates back to acute care and contributes to the parent hospital's financial performance. Optimizing a current rehab unit – or opening a new one – may be a key strategic initiative for your hospital.

Step 4. Ensure appropriate leadership expertise

Program directors must now have specific value-based expertise to optimize the performance of an IRF/U. Given the complexities of the emerging healthcare system, program leaders need to be fully educated in a number of key areas, including:

- Providing expedited access to the service for the appropriate patients;
- Recruitment and management of unit medical staff;
- Regulatory compliance; and
- Operational and financial management expertise.

The skill set for running a successful IRF/U is significantly different than it was prior to the implementation of value-based care. To be successful in the future, managers must be adept at operating within the new system.

Step 5. Communicate the value of your IRF/U internally and externally

Barriers to populating IRF/Us include a perception that inpatient rehab facilities are 'tough to get a patient admitted to'; that the Medical Director 'only takes certain types of patients'; or that 'skilled nursing facilities are the best place for post-acute patients.' Maintaining optimal patient volume and case mix requires a focused, integrated and disciplined approach to communicating the value of inpatient rehab care for post-acute patients. This, in turn, demands a team effort in communicating the value of patient access to the unit as well as pre-admission screening on the med/surg floor to ensure the correct treatment path for each patient.

Step 6. Measure and track outcomes

Hospital care navigators should approach the IRF/U just as they would an external skilled nursing facility, outlining the high marks needed in quick access, low readmission rates, length of stay management, cost of care, etc. The ability to track and report outcomes is critical for quality improvement, patient access, and value-based purchasing.

Step 7. Know the regulations and comply

Although accountable care should streamline the patient experience, the burden of federal and state regulations – including adherence to the three-hour rule and 60/40 regulation – requires constant attention and oversight for this specialized service line. Equally important is documentation competency, to ensure accuracy and reduce denial risk. Therefore, IRF/Us must have a comprehensive pre- and post-admission processes in place to reduce denials and comply with regulations. This process must be adhered to by nursing staff, therapy providers, program directors and medical directors.

Step 8. Become CARF-accredited

A Certified Acute Rehabilitation Facility (CARF) accreditation can help demonstrate to patients, payors and referral sources the quality of clinical care, service delivery and overall excellence provided by your rehabilitation services. CARF accreditation is a critical step for rehab units operating within the value-based model.

Step 9. Choose medical directors carefully, define expectations and provide education and training

A medical director who fully understands changing regulations and has peer support within his or her hospital system will positively impact the success of a rehab unit. It is important to ensure that medical directors are engaged members of the team and have the tools they need to help drive program results. As the acuity of patients continues to rise, ensure you have the right medical director and medical team in place to ensure the success of your IRF/U.

Step 10. Invest in staff education and utilize an interdisciplinary approach

With care navigation increasingly important, the acute rehabilitation service line has always had an interdisciplinary approach with multiple clinicians coordinating patient care. Therefore, ongoing education for managers and staff is critical for the delivery of quality care, skill enhancement and leadership development. Also important is an interdisciplinary team approach within the hospital. Program directors should serve as ambassadors, integrating nursing and therapy staff and coordinating internal and external resources.

Are You Ready for Value-Based Purchasing?

Looking ahead, all signs point to an environment in which inpatient rehab will be the gold standard for providing the best combination of financial and patient outcomes. Now is the time for hospitals to solidify their strategic planning about providing acute inpatient rehab services within the value-based purchasing model. Given the complexity of value-based purchasing, many hospitals will benefit from outside operating counsel and partnership.

How Kindred Can Help

The multifaceted aspects of IRF/Us require focused expertise. Many units today are underperforming because operational expertise and resources are difficult to develop and maintain internally. That makes it even more important to tap into external expertise from a rehabilitation partner who knows how to keep the unit compliant, operationally/clinically strong and profitable.

At Kindred Hospital Rehabilitation Services (KHRS) we are the leading experts in acute rehabilitation. We have partnered with hundreds of hospitals and health systems across the country to apply our knowledge and expertise through joint operating agreements – which are structured to enable hospitals to continue to own the asset. If expansion is required, we also develop joint ventures with hospitals and health systems.

Our vast network enables you to access best practices and geographic market knowledge that will take your IRF/U to the next level. We are a trusted industry expert, and a true strategic partner. At KHRS, we are passionate about patient recovery, consistently working to improve patient outcomes and quality of life.

The Takeaway

Do not close your unit; increase access to the asset, and hire a partner to assist in running it.

Marty Mann
Sr. Vice President, Strategic Partnerships
Kindred Hospital Rehabilitation Services
630.904.8400 • martin.mann@kindred.com

Kindred Hospital **Rehabilitation** Services

www.kindredrehab.com