Generating New Revenue Streams

Growing Your Top Line to Grow Your Bottom Line, Keep Your Patients Local with Tele-nephrology, and Optimizing Rehabilitation Revenue in CAHs

CAH CFO-Administrator FORUM

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Mid South Rehab Services, Inc.

TeleNeph

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July 9, 2021

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PINNACLE HEALTHCARE CONSULTING

Growing Your Top Line to Grow Your Bottom Line: Balancing Growth, Skills and Competencies

Opportunities to Consider

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PINNACLE HEALTHCARE CONSULTING

- Founded in 1998
- Headquartered in Denver, second office in St. Louis and 19 satellite offices across the US; More than 100 employees
- Strategy, Operations, Compensation Valuation and Cost Reduction
- Business, Fixed Asset and Healthcare Real Estate Appraisal
- Compliance, Audit and Risk Management
- Transitional Leadership Services

Why Grow Volume at Your CAH?

- Concerns about contributing to increased costs
- However, CAHs are volume-based, with few exceptions
- If you are not growing, you are shrinking; standing still is not an option
- Leverage existing overhead; grow revenues with minimal variable expenses
- Control your destiny while meeting needs of your community

How and Where to Grow?

- Assess where you have capacity
- Empty Beds
- Empty ORs
- Services (on-site and virtual) in support of visiting specialists
- Out-migration patterns
- Excess Staffing

Empty Beds

- Swing Bed Program
- Sleep Studies
- IP Dialysis
- eICUs

Swing Bed Program

- If within an hour of PPS hospital…
- Transfer their patients for Swing Bed Services
- Nurses practice at “top of license”
- Partner with PPS hospitals for video consultations
- Have seen ADCs grow from 4 to 22 in one year
- The 18 incremental patients were all Swing Beds

Empty ORs

- Baby Steps…
- Lease space so equipment can stay
- PSAs so hospital can bill and collect, including incentive thresholds (don’t forget FMV!)
- More attractive to specialists
- Reach out for regional referrals
- When justified, employment with incentive thresholds

Services (on-site and virtual) Support Visiting Specialists

- EKGs, Mobile Echo, PAD Testing (Cardiology)
- Diabetic Retinopathy (Cardiology, Endocrinology)
- Telehealth clinics (buy a piece of a specialist's time)
- Behavioral Health Counseling
- ED Admits rather than Transfers
- Again, reach out for regional referrals

Out-migration Patterns

- CHNA and Strategic Plan
- Who is leaving, and why?
- Work with destination facilities to keep patients for care appropriate to be provided locally
- Work with destination facilities to get patients back!

Excess Staffing

- Minimum Staffing Ratios
- Determine minimum volume standards (OB, C-Sections, etc.)
- If service is not meeting minimum volumes, consider replacing it with another service to keep staff working
- It is not just about generating revenue; volume drives competency

Optimizing Rehab Reimbursement in CAHs Using Cutting Edge Clinical/Operational Approaches

PT, OT, ST

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Mid South Rehab Services, Inc.

Mission: "To honor and serve God by serving the patients' entrusted to us with the highest level of skill and quality care…"

- 25 years in business
- Provide and manage rehabilitation services
- Diversified partnership model
  - Encompassing acute, post-acute, long term care, and outpatient continuum
  - Partner with PPS Hospitals, CAH's, SNF's, Outpatient Clinics, ALF's, Home Health, etc.
- 3 States (MS, AL, TN)
- Compliance and Quality Focused
- Advocates for patient and industry

Objectives

- Review and discuss positive financial impacts of increased skilled therapy revenue and utilization on CAH reimbursement.
- Review and discuss comprehensive rehabilitation therapy programs that optimize CAH revenue while holistically enhancing patient satisfaction, outcomes, compliance, and reimbursement.
- Provide real-life examples of the benefits of comprehensive, leading - edge rehabilitation therapy programs in CAH's.

CAH Therapy Reimbursement – One "**BIG**" Piece of the Puzzle

Net Reimbursement: Therapy Reimbursement is one contributor to Total Facility Reimbursement

Cost Reimbursement: Medicare Therapy cost is one contributor to Total Medicare Facility cost

.....

HOWEVER, IT CAN BE A "**BIG**" PIECE OF THE PUZZLE!

CAH Therapy Reimbursement

- **Net Reimbursement** = Total Collections
- **Cost Reimbursement** = Medicare Therapy Revenue (Charges) X Cost to Charge Ratio (%) +1%
  - Established on the cost report

CAH Therapy Reimbursement – **Impact of Increased Therapy Revenue (Charges)**

- Therapy Revenue (Charges) =Total revenue generated by the volume of reimbursable Therapy Procedures billed.
- Increased Therapy Revenue (Charges) = Increased Net Reimbursement
- Increased Therapy Revenue (Charges) = Increased Cost Reimbursement

Increasing Therapy Revenue – **How Do We Get There?**

Comprehensive Rehabilitation Program

- Consists of all Therapy Disciplines (PT, OT, SLP)
- Highly Trained and Skilled Clinicians Using Cutting Edge Clinical Techniques
- Comprehensive Clinical Programs for All Patient Conditions and Populations
- State of the Art Equipment
- All Disciplines, Multiple Clinical Approaches, and All Patient Conditions
- **Comprehensive Rehabilitation Program = Increased Therapy Revenue**

Increasing Therapy Revenue – **How Do We Get There?**

Optimal Patient Experience and Satisfaction:

- Education and Training “Character of Heart” - Compassion, Patience, and Kindness focused experience.
- Patient Experience Survey for every discharged Patient every time.
- Increased patient attendance, increased patient visits, increased patient participation, and increased patient referrals.
- **Optimal Patient Experience = Increased Therapy Revenue**

Increasing Therapy Revenue – **How Do We Get There?**

Increased Efficiency

- Measure of Billable Patient Care Time (Charges) / Total Time in facility.
- Billable Patient Care Time (Charges) is the biggest factor in generating increased Therapy Revenue.
- Increased Efficiency = Increased Billable Charges
- **Increased Billable Charges = Increased Revenue**
- How much time are therapists spending providing skilled and billable patient care to ensure optimal patient experience, outcomes and quality of life?

Increasing Therapy Revenue – **How Do We Get There?**

Rehabilitation Stats:

- Billable Units / Patient Visit
- Billable Minutes / Patient Visit
- **Increased Medically Necessary and Reasonable Units and Minutes / Visit = Increased Revenue.**
- Increased Medically Necessary and Reasonable Units and Minutes / Visit improves patient satisfaction, outcomes, and quality of life.

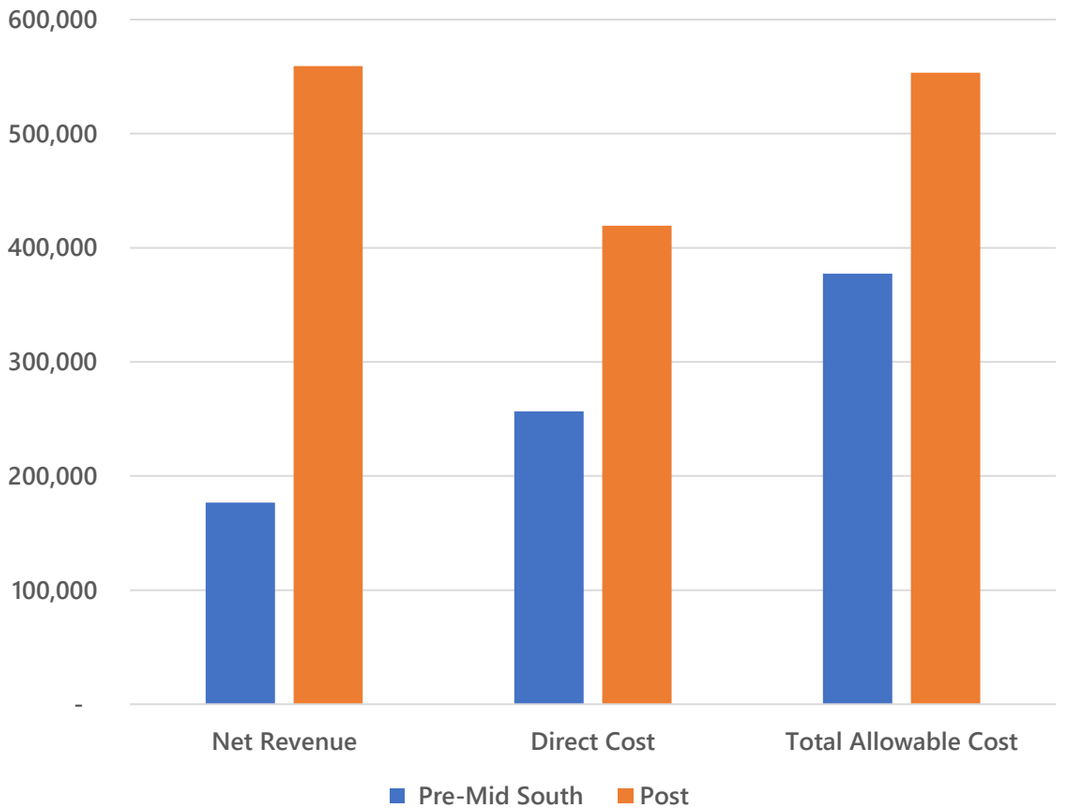
Increasing Therapy Revenue – **How Do We Get There?**

CPT Procedure Utilization %:

- % of Therapeutic Exercise = less revenue
- % of Functional Codes = increased revenue
- % of non-billable codes = ZERO revenue
- Aberrant billing patterns, overutilization of codes compliance concern.
- **Compliant CPT billing = Increased Revenue**
- Appropriate use of Functional CPT's increases patient satisfaction, outcomes, and quality of life.

Increased Therapy Revenue in CAH – Real Life Scenario

	Pre-Mid South	Post	Variance $	Variance %
Net Revenue	176,667	559,093	382,426	216%
Direct Cost	256,592	419,312	162,720	63%
Total Allowable Cost	377,190	553,492	176,302	47%



Increased Therapy Revenue in CAH – **Real Life Impact**

- $382k Increase in Net Rehab Department Revenue (216%)
  - Rehab Department Transformed from Operating Loss to Operating Profit
- $162k Increase in Rehab Department Direct Cost (63%)
- $176K Increase in Total Allowable Rehab Department Cost on the Cost Report (47%)

Increasing Therapy Revenue - **Ensuring Quality and Compliance**

- Routine Monitoring / Auditing: Does the documentation support the type, volume, frequency, and duration of care provided and billed?
  - Medical Necessity Established?
  - Skilled Therapy Required?
  - Skilled Treatments Documented?
- Standardized and Objective Patient Outcomes
  - Swingbed PT / OT: Section GG Mobility and Self – Care
  - Outpatient PT / OT: FOTO
  - SLP: NOMS for all settings.
  - Compare with National Benchmarks
- Does the Cost to Charge Ratio Make Sense?
  - Cost of Services justified by Volume of Charges Billed?

Increasing Therapy Impact – **Additional Revenue and Cost Opportunities?**

- Primary Hospital Location as Volumes Increase
  - Need to add Outpatient Gym?
  - Need to add Swing Bed Gym?
- Additional Off-site Outpatient Therapy Locations
  - Partnerships with Assisted Living Facilities, Long Term Care Facilities, Outpatient Facilities in surrounding communities.

The Rural Market for Acute Dialysis Services

Keep Your Patients Local with Tele-nephrology

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Agenda

The Rural Market for Acute Dialysis Services

1. It is not about technology – it's about the people
2. Why focus on Chronic Kidney Disease (CKD)?
    - Why are patients going to the hospital?
3. Where to Start
    - Create a Proforma
    - Meet with the hospital clinician team and get them comfortable
    - Overview of ESRD Population by County
    - Equipment required
    - Keep patients in their community
4. CAH Business Case
5. Discussion

It is not about Technology …

- Every industry uses technology … healthcare has just been late to the game
  - Focused on data / digitization in 2008 – EHRs
  - Veterans Administration was an early adopter of telemedicine – 2003
  - Over 1 million VA telehealth visits in 2018
    - More than 50% of the telehealth visits were in rural America
- It is about driving results … quality of care
- Why the focus on Rural? It is about the people!
  - A population that is older than urban areas
  - Have a higher rate of chronic disease
  - Lower incomes
  - Lack of public transportation
  - Population that is spread out
  - Lack of technology usage / infrastructure

Chronic Kidney Disease (CKD)

- How big?
  - Over 11% of the US population has CKD – 37M
  - 2% of the CKD patients have End Stage Renal Disease (ESRD)
  - 50% of ESRD patients are 65 or older
  - Average ESRD patients goes to the hospital twice a year
  - 90% of CKD patients don't know they have CKD
- Other issues:
  - Fewer nephrology fellow graduates each year
  - Increasing patient volume – growing by 5% / year
  - Most Nephrologist reside in the urban area

Why ESRD Patients go to the Hospital …

Top 10 Common Hospitalization Diagnoses*

1. Septicemia (15.8%)
2. Acute and Unspecified Renal Failure (13.5%)
3. Congestive Heart Failure; Non-Hypertensive (6.2%)
4. Diabetes Mellitus with Complications (3.5%)
5. Pneumonia (3.0%)
6. Acute Myocardial Infarction (2.8%)
7. Complication of Device; Implant or Graft (2.4%)
8. Respiratory Failure; Insufficiency; Arrest (2.4%)
9. Urinary Tract Infections (2.1%)
10. Cardiac Dysrhythmias (2.1%)

** Statistical Brief #231. Healthcare Cost and Utilization Project (HCUP). April 2018. Agency for Healthcare Research and Quality, Rockville, MD. www.hcup-us.ahrq.gov/reports/statbriefs/sb231-Acute-Renal-Failure-Hospitalizations.jsp.*

Where to Start

- Analyze the market
  - List of number of ESRD patients by zip code / county
  - Anticipated hospitalizations
  - National Top 10 common hospitalization diagnosis
- Hospital Confirms Market Data
  - Include ER reports of number of CKD patients transferred out
- Complete a pro-forma with a focus on profitability and the mission

Number of ESRD patients per County

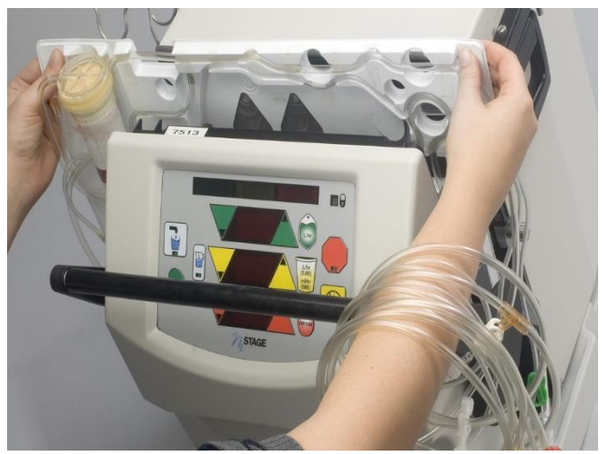
County	# of ESRD Patients
Bureau	86
Christian	85
Clay	35
Crawford	49
De Witt	41
DeKalb	276
Edgar	45
Fayette	56
Ford	34
Franklin	101
Fulton	90
Greene	34
Hamilton	21

County	# of ESRD Patients
Hanock	46
Hardin	10
Henry	129
Iroquois	71
Jackson	149
Jefferson	99
Jersey	57
Jo Daviess	56
LaSalle	285
Lawrence	42
Logan	75
Macoupin	118
Madison	691

Source: 2017 Data – U.S. Renal Data System 2019 Annual Data Report

NxSTAGE

- Founded in 1998, part of Fresenius Medical Care
- Based in Lawrence, MA
  - Develops, manufactures and markets innovative products for the treatment of end-stage ren disease (ESRD) and acute kidney failure
- NxStage® System One S™
  - "Cartridge" System
    - No extensive cleaning between patients
    - No calibrating equipment between patients



Keeping patients within their community

- Patients with ESRD can be admitted to their local hospital.

Emergency Room


Hospital


Consultation/ Care Management

- The Recipe
  - TeleHealth platform – Video / Security / Audit
  - Nephrologist – available 24 x 7 / licensed / credentialed
  - NxSTAGE Dialysis Equipment – cartridge based / easy to use by staff
  - TeleHealth CART – two-way communication including patient information
  - Training on-site and 24 x 7 support

Keeping Patients in their Community – Business Case …

- **Location**: Arizona – 1.5 hours away from Phoenix
- **Population**:
  - City: 7,000+ ESRD: 17
  - County: 54,000+ ESRD: 126
- **Hospital**: CAH with 25 beds
- **Joint Analysis (CAH / TeleNeph)**
  - CFO / CEO – reviewed financials
  - Clinical Team – met with them (face-to-face)
  - Training / Support
  - Dry run
- **Today**: Last 12 months they had 100 ESRD patients via their ER

Keeping Patients in their Community – Business Case …

All those patients now stay here," said the CEO of CAH in AZ. "All that business stays in the local community, which is very positive for the hospital. Overall, it's been nothing but a positive."

Today, patients needing dialysis at CAH consult with Dr. Sahani via telemedicine and, if necessary, are administered dialysis at the hospital from trained nurses. This system has been a win-win—for patients, their families, and the hospital per the Chief Nursing Officer.

For dialysis patients, traveling back and forth to Phoenix was "really very burdensome on them and their families," said the Chief Nursing Officer. "To be able to provide [dialysis] here, where their families are close and they can come in, I really think it's made a huge difference."

"They may need surgical intervention, they may need cardiac intervention…and so those service lines are doing better because we're more efficient and more able to care," CEO said. "It makes a lot of sense," CEO said. "It's actually far more successful than we ever dreamed of."

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