



SHINING A SPOTLIGHT ON Non-Acute CARE

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In this issue of the *PX Advisor*, we are focused on non-acute care—i.e., the many types of healthcare that are delivered outside the traditional inpatient setting. Non-acute care is often confused with the terms “long-term care” and “post-acute care,” which are actually subsets of non-acute care. The following table shows the care types that are included under the umbrella of non-acute care.

What Does Non-Acute Care Include?

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| • Adult Day Care | • Long Term Care | • Rehabilitation |
| • Behavioral and Mental Health | • Outpatient Clinics | • Residential Care Communities |
| • Home Health | • Palliative Care | • Substance Abuse |
| • Hospice | • Physical Therapy | • Surgery Centers |
| • Long Term Acute Care | • Physician Office Care | |

Following are some key facts and trends about this increasingly important sector of the healthcare industry.

Two-thirds of those age 65+ will need some type of long term care

Unlike most healthcare, long-term care is focused not on curing an illness but rather on allowing individuals to attain and maintain an optimal level of functioning. It is a “wide array of medical, social, personal, and supportive housing services needed by individuals who have lost some capacity for self-care because of a chronic illness or disabling condition” (U.S. Senate Special Committee on Aging, 2000). The lifetime probability of becoming disabled in at least two activities of daily living or of being cognitively impaired is 68% for people age 65 and older (Family Caregiver Alliance, 2016). In 2015, some 8,357,100 people received support from one of the five main long-term care services (Family Care Alliance, 2016):

Top 5 Long-Term Care Services	# of People Served in 2015
Home health agencies	4,742,500
Nursing homes	1,383,700
Hospices	1,244,500
Residential care communities	713,300
Adult day care centers	273,200

Post-acute care is under increased CMS scrutiny

Post-acute care (PAC) is the skilled nursing care and therapy that often follows an inpatient hospital stay (Blum, 2013). It typically includes care provided in one of four settings: long-term acute care hospitals (LTACHs), inpatient rehabilitation facilities (IRFs), skilled nursing facilities (SNFs), and home health agencies (HHAs).

4 Post-Acute Care Services	# of People Served in 2013	Avg. Medicare Payment per Discharge/Episode
Long-term acute care hospitals	122,000	\$40,070
Inpatient rehabilitation facility	338,000	\$18,258
Skilled nursing facility	1,700,000	\$15,790-\$22,391
Home health agency	3,500,000	\$2,662

Source: Medicare Payment Advisory Commission. (2015). *March Report to the Congress: Medicare Payment Policy*, Washington, DC.

Post-acute care has come under increased scrutiny lately, as healthcare organizations focus more attention on

integrating and improving service delivery across the continuum of care. According to the American Hospital Association (AHA), PAC services are used by nearly 42% of Medicare beneficiaries who are discharged from a hospital (AHA, 2015).

The AHA also quoted a 2013 Institute of Medicine (IOM) report which concluded that some 73% of the variation in Medicare spending is attributable to care provided in the PAC setting. As a result, CMS is taking several steps to reign in cost from this sector. Beginning in FY2018, skilled nursing facilities will suffer financial penalties if their hospital readmission rates are higher than expected. CMS has also just instituted (April, 2016) a mandatory hip and knee replacement bundled payment program in selected markets in the U.S. The payment bundle includes the inpatient care for the joint replacement surgery and all additional care provided during the 90-day period following discharge. CMS has proposed to bundle 50 percent of all PAC payments by 2020. According to the AHA, “These and other efforts to deliver, assess and pay for episodes of care that cover multiple settings are expected to reduce the overall volume of PAC services” (AHA, 2015).

The nursing home model of care is on the decline

A number of new housing trends are redefining the traditional nursing home model, providing a variety of options for aging seniors. As our population ages, there is an increasing clamor for more affordable and more enriching living experiences for senior adults. One industry expert makes a number of predictions about the future of assisted living (Stevenson, 2013):

- **Richer experiences for memory-challenged residents.** Redmond, Washington-based Aegis Living is building a senior community reminiscent of the 1950s. They are re-creating the look and feel of this time period to support seniors with dementia who deal best with long-term memories.
- **Technology enhanced senior care.** Up-and-coming technology is likely to revolutionize the provision of senior care as we know it. Be on the lookout for everything from smart carpets that can predict falls and personal care robots to smart home computer systems that keep track of medications.
- **Multi-generational housing.** More and more families are likely to pool their resources to modify existing homes to suit multiple generations or move into a place that is built to house both young families and older adults.

- **Aging in Place.** For seniors who want to remain living independently in their own home for as long as possible, the home health care and personal care industries are stepping up to provide assistance. The Bureau of Labor Statistics predicts job growth of 70% for home health and personal care aides over the coming decade.

SNFs want to be high-value partners

According to the American Hospital Association, skilled nursing facilities (SNFs), particularly those in markets with an ACO, are taking a number of steps to position themselves as high-value providers. They are making changes to demonstrate SNFs can be good partners in the new value-based healthcare environment. Some of these initiatives include (AHA, 2015):

- Sub-acute units with private rooms and separate gyms and dining areas
- The exclusive use of registered nurses (RNs), instead of a mixture of RNs and licensed practical nurses (LPNs)
- Rehabilitation therapies offered six to seven days a week
- Physical or occupational therapy home visits to determine modifications necessary for the patient to be successful after he/she is discharged
- Daily on-site coverage by Advanced Practice Nurses (APNs) and at least weekly visits by the primary care physician
- Transitional care nurse who help patients and families navigate between hospital and SNF, and between SNF and home
- Telephonic communication between: (1) the hospitalist and SNF physicians during the hospital discharge process and (2) between the nurse manager of the hospital unit and the nurse manager in the SNF
- Cross-setting linkages for electronic medical records.
- Special rehabilitation programs for joint replacement, cardiac care, or respiratory care
- SNF acquisition of home health and hospice providers to improve patient transitions

Ambulatory surgery centers want to be partners too

As with SNFs, ambulatory surgery centers (ASCs) are morphing into new entities that are more attractive in a value-based marketplace. Traditionally, ASCs have focused narrowly on a set of services that could be delivered more efficiently and less expensively in an outpatient setting—such as endoscopies, some biopsies, catheterizations, minor surgery, childbirth, plastic surgery, and eye care (FierceHealthcare, 2016). However, recent advances in

minimally invasive surgery and pain management have led to more complex cases being performed safely in an outpatient environment. Some of these more complex surgeries include total joint replacements, spinal surgeries, and bariatric surgery (Dyrda, 2015).

There are approximately 3,300 ASCs throughout the U.S.; some of these are single-specialty centers, while others provide a variety of services. It is estimated that some 60 - 70% of all surgical procedures in the U.S. are now performed on an outpatient basis (FierceHealthcare, 2016).

The trend is to build larger surgical homes and campuses that supply additional pre- and post-operative care. In the new world of integration, ASCs are partnering with physical therapists, rehabilitation centers, home health services, and skilled nursing facilities to create medical campuses that can address the continuum of care (Dyrda, 2015). According to a recent FierceHealthcare report, we can expect the following changes from ambulatory surgery centers:

- Fewer freestanding surgery centers will be built. Instead, expect to see larger ASCs that offer a wider range of services beyond surgery, known as multiple-service ambulatory care centers (MACCs).
- Freestanding birthing centers are also becoming more popular, with facilities that can accommodate mother and child for up to 72 hours.
- In some rural areas, MACCs may replace hospitals, providing basic services in a more efficient and less costly environment.

Staffing will be a major challenge for home care providers

The aging of the U.S. population is fueling high growth in the home health care sector. The traditional home health care market, valued at \$77.8 billion in 2012, is projected to grow to \$157 billion by 2022 (Thomas, 2016). Two-thirds of the care provided in the home is traditional home health and home nursing care, but hospice, therapy, and home-maker services are also being supplied (Thomas, 2016).

Distribution of services in home health care market (2014)

Traditional home health and home nursing care	66%
Home hospice	15%
Home therapy services	6%
Home-maker services	7%
Other	6%

Source: IBIS Home Care Providers in the U.S., February 2014

With this growth comes demand for increased staffing—something that will prove difficult in this arena.

In 2013, an estimated 1.3 million home health aides were in the process of entering the job marketplace, with 50% growth in demand expected on top of that by 2018. This growth makes the home health market one of the fastest growing fields in the U.S. (Halvorson, 2013). Many see wages as a key challenge moving forward. According to a recent report in the *Lubbock Avalanche-Journal*, nearly half of all home care workers live at or below the poverty line. Many rely on government benefits such as food stamps, and make as little as \$9.70 per hour—that's 4 cents less per hour than fast-food workers (Seewer, 2012).

“The Internet of Caring Things” is on the horizon

A recent Gartner study predicted that there would be 6.4 billion connected things (mostly personal computers, smartphones, and tablets) in 2016 but that this number is likely to explode to 20.8 billion by 2020 (Oberst, 2016). We need to prepare ourselves for a time in the not-too-distant future when there is a growing number of healthcare devices that are wirelessly connected to the cloud. There is even a buzz-word for this eventuality: The Internet of Caring Things. It is very likely this Internet of Caring Things will redefine how healthcare is delivered. Care may no longer be the

result of an annual physical but rather the result of a 24/7/365 process (Oberst, 2016). Some products from The Internet of Caring Things may include:

- An intelligent cup that automatically tracks and displays an individual's hydration needs
- Sensors under the mattress to detect restlessness as well as abnormal breathing and pulse rates when sleeping
- A smart home where thermostats automatically lower at night to promote sleeping, the bathroom and bedroom lights turn on when someone gets out of bed, and smart carpet sensors predict falls

According to Marilyn Rantz, Executive Director at Missouri-based TigerPlace, “Bed sensors can predict illness 10 days to a month out. Similarly, falls can be prognosticated two weeks to one month ahead of the actual event” (Oberst, 2016).

Conclusion

As the above seven trends show, the non-acute world is in flux. Providers in this sector are struggling with increasing demand due to an aging population, the absorption of new technology, the difficulty of documenting outcomes, and the pressure to integrate to offer services that span the continuum of care. Five years from now, non-acute care will look very different than it does today.

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