Prescription for Long Term Acute Care Hospital Success

Community Hospital Corporation (CHC) understands the challenges that long term acute care hospitals (LTACH) face in balancing the bottom line with a strong commitment to quality patient care. Keeping up with the ever-changing requirements and reimbursement regulations of the Center for Medicare and Medicaid Services (CMS) introduces additional complexity.

Since 2004, CHC has helped LTACHs improve clinical outcomes while boosting financial performance. Our experience led us to develop the following 10 factors critical to LTACH success.

A 10-POINT ROADMAP FOR LTACH SUCCESS

1. The LTACH Chief Executive Officer must be deeply familiar with the Long Term Acute Care environment. Care, efficiency and patient management throughout the care continuum are vital to success in the LTACH environment. To achieve this balance, the CEO must understand some of the fundamental differences between the acute and long term acute care environments. Because of their complex medical issues, patients in the LTACH environment often need extended recovery periods to achieve optimal outcomes. Conversely, a general acute care hospital’s goal is to resolve the health issue and discharge the patient as quickly as possible.

2. The LTACH must forge a strong relationship with its partner hospital. Success depends upon a shared vision and alignment of clinical and financial goals between the institutions. Since the LTACH relies on—and pays for—many hospital services from its partner organization, it is important to implement efficient, shared processes across both institutions.

3. The LTACH management team must have intimate knowledge of regulatory requirements. Because 70+ percent of LTACH patients rely on Medicare, it is critical that administrators remain savvy about CMS requirements and the impact of changes related to reimbursement issues. This requires continuous assessment of a multitude of reimbursement issues related to case mix, the area wage index, the cost-to-charge ratio and patient length-of-stay.

4. LTACH case managers, medical records staff and the clinical staff must ensure accurate DRG coding. This process requires appropriate clinical documentation by the medical staff and concurrent review upon admission, throughout the stay and upon discharge. In a short term acute care environment, a specific diagnosis might be associated with a five-day average stay, but the same diagnosis might be associated with a thirty-five-day stay at an LTACH. Thus, coding accuracy is crucial for compliance as well as reimbursement.

CHC owns, manages and consults in the LTACH environment. Our philosophy is to create clinical and operational synergies in each community we serve to facilitate the best possible patient outcomes.
5. The combination of acuity and length-of-stay management is as important as census in an LTACH. An LTACH facility should strive to maintain an overall CMI of greater than 1.0 while appropriately managing each patient's care. Accurately monitoring acuity enables the efficient management of that patient throughout the continuum. Without accurate monitoring, the LTACH's Medicare reimbursements will decline. Census remains as another driver of overall facility performance, and the LTACH’s strategy must include its case mix index, as well as overall “uncompensated days.”

6. The LTACH must ensure that each patient admitted is an appropriate candidate for its environment. Each patient must be screened for appropriateness prior to admission. A consistent admission process, including pre-assessment protocol, will build patient volume, maintain compliance with regulatory standards, maintain appropriate CMI, develop referral relationships, and reduce the likelihood of RAC/MAC audit payment adjustments.

7. LTACHs aren't just about the 25 day length of stay. CMS periodically changes LTACH regulations. It is critical that LTACH administrators to remain current about any changes in the length of stay calculation, daily physician visits requirement, interdisciplinary team meetings requirement and other definitional requirements.

8. The LTACH must develop a care plan for each patient, being mindful of the 5/6 of the geometric mean length of stay requirement. As in the general acute care hospital environment, each LTACH DRG is associated with a specific length of stay. Discharge is based on medical appropriateness, but it is important to remember that Medicare penalizes LTACHs for short stay outliers. These are defined as discharges with a length of stay less than 5/6th of the geometric mean length of stay. Understanding length of stay targets upon admission is critical. A length of stay tracking mechanism is essential in managing this process.

9. The LTACH operates most effectively with a staff that includes a full complement of medical specialties. All clinical team members must work together to ensure patient needs are met within a long term acute care environment. It is key to establish ongoing education for physicians, general acute care hospital staff and LTACH staff regarding the changing parameters of the LTACH environment. This practice encourages the entire care team to collaborate in improving clinical outcomes.

10. The LTACH must ensure a steady volume of admissions from multiple sources. CMS places restrictions on the number of admissions from a single source, usually the host hospital. Although the specific limits vary from LTACH to LTACH based on its age, location and other factors, the restrictions make it crucial for the LTACH to identify other patient sources within its service area. This strategy also helps the general acute care hospital gain access to incremental revenue associated with these admissions. Some possible LTACH strategic alliance partners include other area hospitals, physicians, inpatient rehabilitation facilities and nursing homes.

If managed efficiently, long-term acute care hospitals provide a financially strong healthcare environment for chronically ill patients and operational benefits for partner hospitals, including the following:

• Enabling better outcomes for chronically ill and medically fragile patients
• Freeing beds for patients more appropriate for the short term acute care setting
• Providing a new revenue stream for the partner hospital in a scenario in which the LTACH pays for such services as dietary, radiology, housekeeping, information technology and other services

About Community Hospital Corporation
Community Hospital Corporation owns, manages and consults with hospitals through three distinct organizations – CHC Hospitals, CHC Consulting and CHC ContinueCARE, which share a common purpose to guide, support and enhance the mission of community hospitals and healthcare providers. Based in Plano, Texas, CHC provides the resources and experience community hospitals need to improve quality outcomes, patient satisfaction and financial performance. For more information about CHC, please visit www.communityhospitalcorp.com.

For more information, contact:
Leslie Boney, SVP Post-Acute Services at lboney@communityhospitalcorp.com or 972.943.6400.

www.communityhospitalcorp.com