

White paper **Prioritizing post-acute care in the Medicare Advantage market** 



Though commercial health plans currently outnumber Medicare Advantage plans, this paradigm will shift within the next few years. 15 percent of the U.S. population is 65or older, which presents the opportunity for explosive growth for Medicare Advantage. The Centers for Medicare & Medicaid Services (CMS) projects that more than 26 million Medicare beneficiaries will enroll in a Medicare Advantage plan in 2021, while other forecasts project Medicare Advantage enrollment will rise to 38 million – or 50 percent market penetration – by the end of 2025.

In 2020, nearly 40 percent of all Medicare beneficiaries – 24.1 million people out of 62 million Medicare beneficiaries overall – were enrolled in Medicare Advantage plans. Between 2019 and 2020, total Medicare Advantage enrollment grew by 9 percent – approximately 2.1 million beneficiaries. Medicare Advantage plans will include about 47 percent of all Medicare beneficiaries by 2029, and payers that cannot effectively manage the over-65 population will become virtually obsolete. But many payers still have much to learn about these members, whose needs differ significantly from the needs of the "working well" they cover today.

As payers prepare for a Medicare Advantage-driven market and build new processes and infrastructure to serve it, there are many compelling reasons to focus on post-acute care. This white paper explores three of the reasons why insurers should prioritize post-acute care to better control healthcare costs and quality across the continuum.

## 1. Medicare members utilize more post-acute care than any other member cohort

Medicare beneficiaries with multiple chronic conditions are disproportionate users of post-acute care. Over two-thirds of Medicare beneficiaries have two or more chronic conditions, and one in seven (14 percent) of Medicare beneficiaries have six conditions or more, making it particularly challenging for healthcare systems to achieve effective care coordination and contain healthcare costs for these patients.

The needs of Medicare beneficiaries differ significantly from members of employer-sponsored plans. There is an evident disparity in utilization rates between Medicare and commercial beneficiaries. 26.4 percent of Medicare-age members have one or more hospital admission each year, compared to less than 10 percent of members age 18 to 64 years old. The average thirty-year-old female covered by an employer plan may have only one hospitalization – a three- to five-day stay to deliver a baby, after which she returns home - during the time she relies on that plan for care. The average Medicare beneficiary, however, may have multiple hospitalizations during the time he or she is subscribed to a Medicare Advantage plan. More than 40 percent of those hospital stays are followed by a post-acute stay - or multiple post-acute stays - primarily at a skilled nursing facility (SNF) or through home health services. It is critically important, therefore, to prioritize optimizing the patient transition to high-quality post-acute care to reduce costly hospital readmissions.

To help ensure a smooth transition to post-acute care, patients must be placed with a high-quality care postacute care provider – and they should be offered a choice regarding the facility in which they receive that care. Not only should a patient be placed with a postacute provider that efficiently and effectively cares for its patients, but that provider should also deliver specialized care for the patient's specific needs. Incorporating provider quality into patient choice is critical to getting the transition to post-acute care right and helps achieve reduced readmissions and improved patient outcomes.



**25% reduction** in SNF average length of stay of up to 6 days at preferred SNFs

\$2,000 savings per patient at preferred SNFs



## 2. Medicare is financially invested in post-acute care – and it is a lucrative market

In 2018, post-acute care accounted for approximately seven to 10 percent of Medicare's total \$737 billion spending, and Medicare per capita spending on postacute care varies more than any other covered service. Based on spend alone, no payer entering the Medicare Advantage market can afford to ignore patients in the post-acute care continuum, and Medicare payment systems, reimbursement models, and costs should be closely monitored.

Post-acute care accounts for a tremendous amount of annual spend – increasing 5.4 percent per year and doubling to \$60.3 billion from 2001 to 2015. Optimizing post-acute utilization management and ensuring that all patients – and Medicare patients in particular – are provided the appropriate level of highquality post-acute care helps drive a payer's financial performance. Care coordination technologies that help providers find the best post-acute facility for a patient's specific needs, and empower and educate the patient during the process, help improve clinical, patient outcomes, as well as financial outcomes for payers and providers.

CarePort customers have benefited from post-acute utilization management by implementing CarePort solutions and have reported a 25 percent reduction in SNF length of stay of up to six days at preferred SNFs.

## 3. Post-acute care is key to meeting quality goals under Medicare Advantage

CMS is committed to improving the quality of care provided to Medicare beneficiaries through its Five-Star Quality Rating Program, and many of the measures involved in the calculation of a plan's star rating are correlated with post-acute care. Because payers currently rely on claims data that can lag up to six months after a patient event occurs, many struggle to succeed in quality and Healthcare Effectiveness Data and Information Set (HEDIS) measures closely tied to hospital discharge and post-acute care, such as 30-day readmission rates. Quality care requires knowing where a patient has received care and when a patient has been discharged.



# CarePortclient success

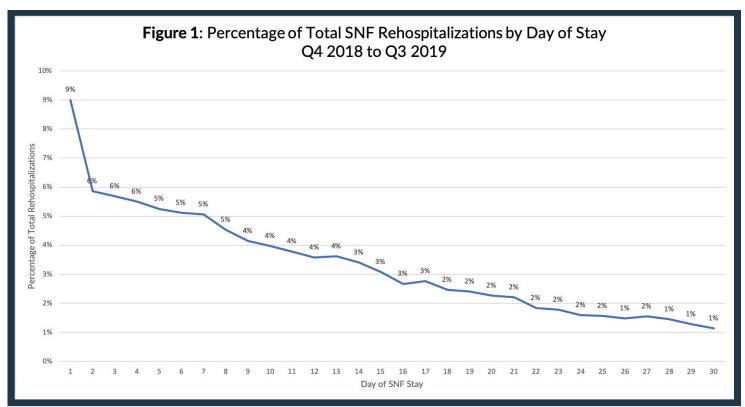
Academic medical center decreased readmissions from its SNF collaborative

>10% decrease in hospital readmission rate

25 readmissions prevented per month



40 percent of Medicare beneficiaries admitted to the hospital are discharged to post-acute care facilities but face readmission rates as high as 17 percent – the highest among any patient cohort. CarePort data shows that the majority of 30-day readmissions occur in the first nine days of a patient's SNF stay (Figure 1). This data suggests that efforts to improve the 30-day rehospitalization rates quality measure should focus on the patient shortly after being discharged to the SNF. For payers to undergo these improvement efforts, real-time visibility into transitions are critical to success.



\*Data comes from CarePort SNF data submitting partners (N>1,000 SNFs). The average rehospitalization rate between Q4 2018 to Q3 2019 was 17.1%. This chart shows that of all patients that will be rehospitalized during their first 30 days of a SNF stay, the majority of those rehospitalizations will occur early in the stay. Over 50% of patient rehospitalizations during the first 30 days of a SNF stay will occur in the first 9 days. The longer a patient is in a SNF, the less likely they are to be rehospitalized, demonstrating the importance of focusing on rehospitalization prevention efforts during the first few days of a SNF stay.

One CarePort customer decreased 30-day readmissions from its SNF collaborative by utilizing CarePort's realtime data and robust network of post-acute providers. With better access to this data, and in a timelier manner, health plans can achieve better workflows to more closely manage post-acute outcomes and ultimately receive higher star ratings.

As Medicare Advantage plans have improved performance in HEDIS and Star Ratings measures, challenges remain in moving the needle in member experience and satisfaction. As CAHPS (Consumer Assessment of Healthcare Providers and Systems) and other patient experience and satisfaction measures become increasingly important to health plan reimbursement, post-acute care is an increasingly critical driver of that satisfaction, and it is crucial that stakeholders optimize the patient transition to post-acute care. When patients receive the appropriate level of care following an acute episode, results include fewer adverse events post-hospital discharge, reduced readmission rates, and improved utilization of appropriate services that directly lower the cost of care.



### Care coordination technologies are critical to success

There are clear financial implications for payers that do not focus on post-acute care, and payers falter when they do not receive timely, actionable updates regarding the quality of care that their members receive in the continuum. In theory, payers should be able to derive sufficient insights from claims data to determine whether post-acute resources are used appropriately. In practice, however, claims data is outdated, and payers are often unaware of a patient's current status.

CarePort's care coordination technology provides payers with access to real-time data regarding member activity within the care continuum – and more specifically, the post-acute setting – in addition to the clinical context of how they are doing and whether they are at risk of readmission. These solutions help payers assess the performance of post-acute providers, contain post-acute care costs, and meet CMS' broader goals for quality care.

CMS pays multimillion-dollar bonuses, among other benefits, to plans that succeed in quality and earn aboveaverage star ratings. Implementing care coordination tools will become a necessity as Medicare Advantage enrollment continues to expand. As payers prepare for the upcoming shift in the insurance market, gaining more visibility into and better managing the post-acute end of the care continuum must be a top priority.



<u>CarePort</u> is the leading care coordination network with thousands of providers connected across the U.S. The end-to-end platform bridges acute and post-acute EHR data, providing visibility into the entire patient journey for providers, physicians, payers, and ACOs. With CarePort, healthcare professionals can efficiently and effectively coordinate patient care to better track and manage patients as they move through the continuum. CarePort helps providers meet and comply with the patient event notification Condition of Participation, as part of the CMS Interoperability and Patient Access final rule, and the IMPACT Act. Read more about CarePort on careporthealth.com, Twitter and LinkedIn.



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