



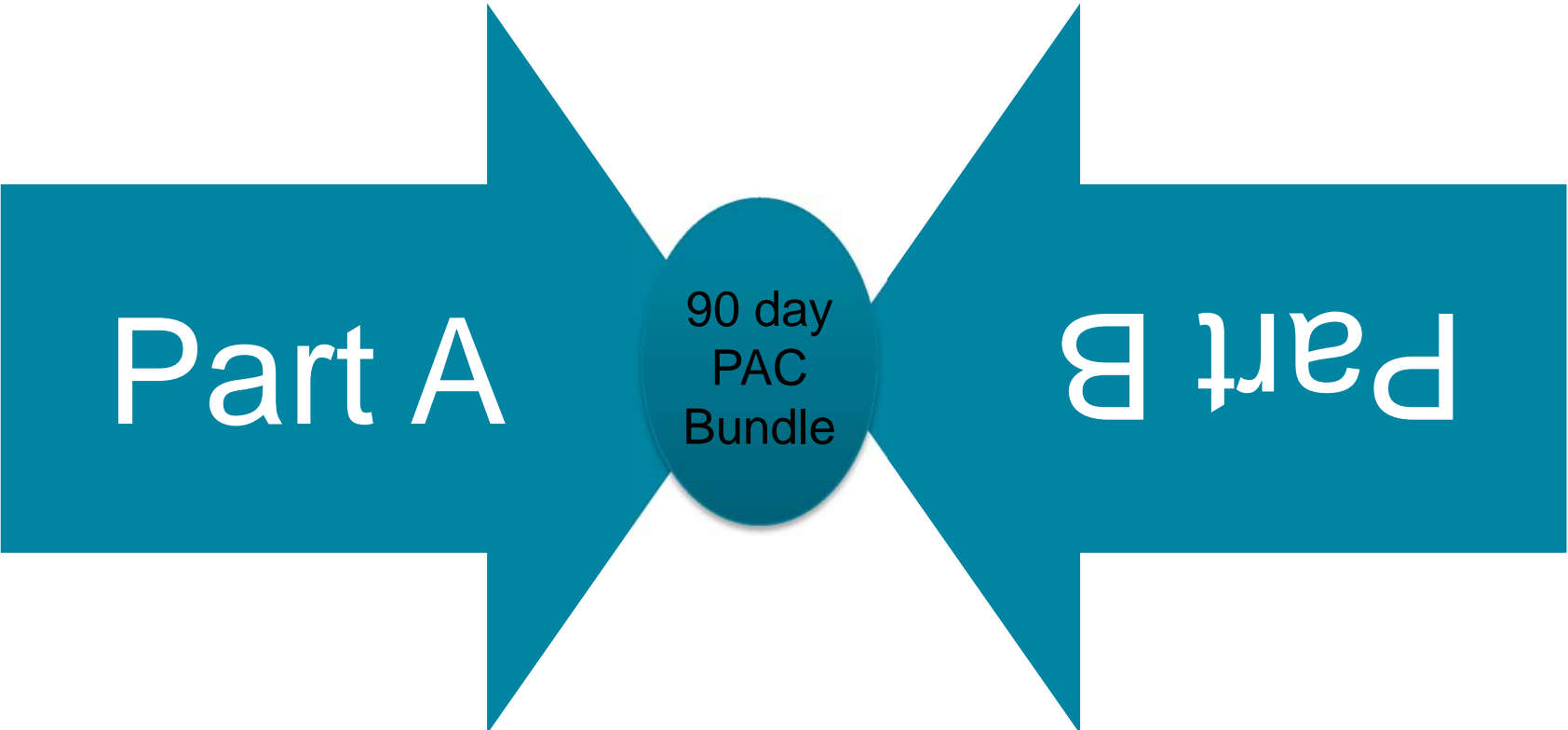
# **Innovations in Managing Post-Acute Care**

**Tom Scully**



# Our vision of PAC

Similar to Part D, PAC is an area that holds promise for better management through payment reform

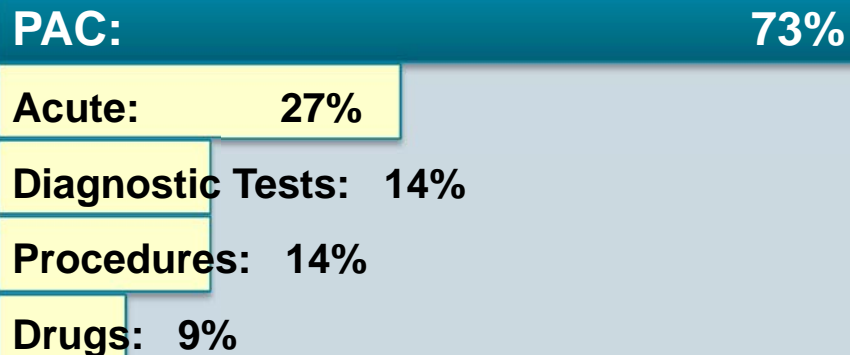


Post Acute Bundle is 20 years overdue

# The Post-Acute Opportunity

## Post-acute care (PAC) by the Numbers

If regional variation in PAC spend did not exist, Medicare spending variation would fall by 73%



43

• The percentage of Medicare patients utilizing PAC services following hospitalization

23

• The percentage of total medical spend that PAC represents

>8

• The rate at which Medicare spending on PAC grew annually from 2001-2012

## Market forces driving incentives to manage PAC more efficiently

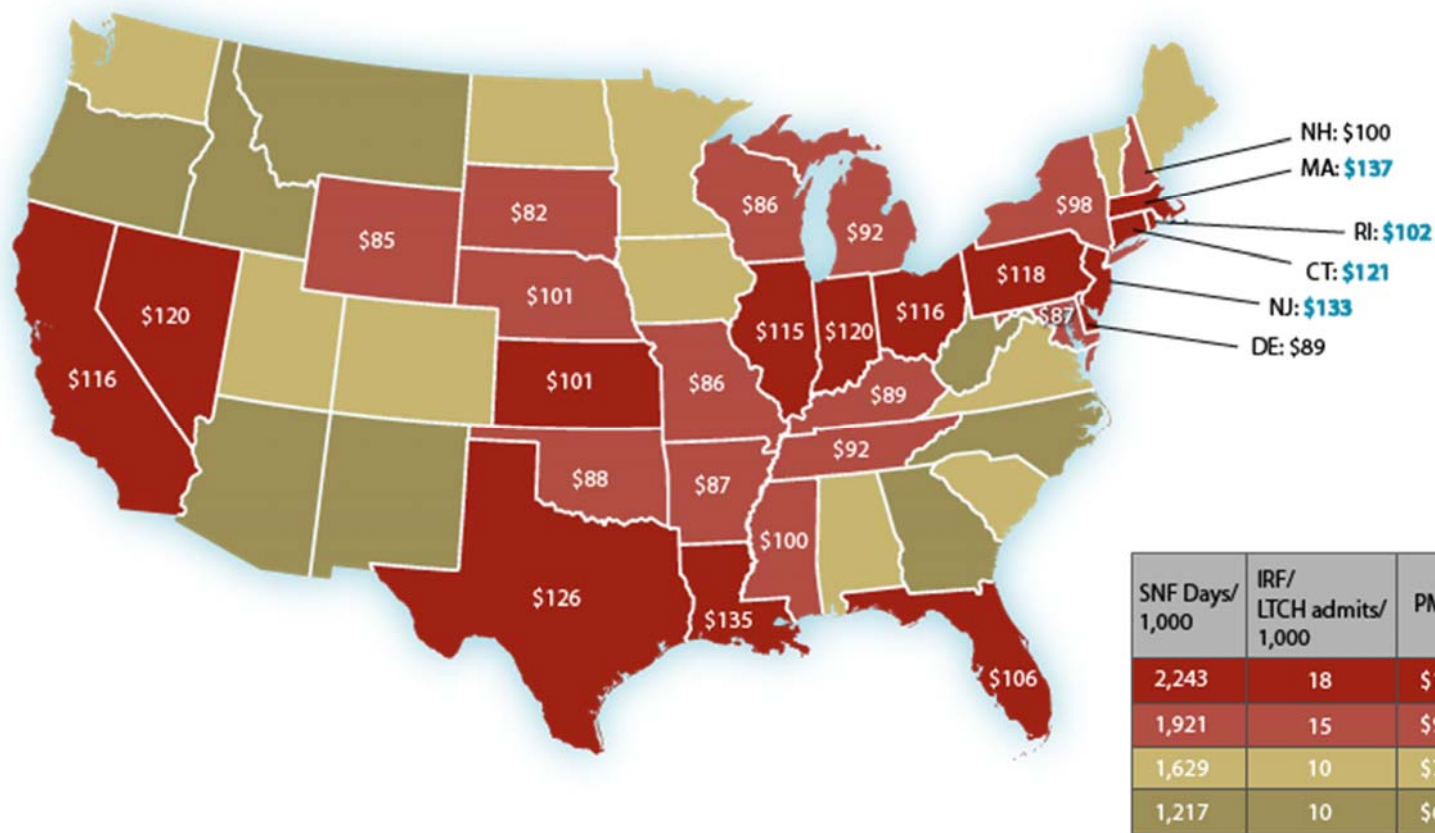
- Payment reform
- Medicare Advantage funding cuts
- Providers taking on risk through ACOs and capitation from managed care
- Hospital readmission penalties and efficiency requirements
- PAC provider reimbursement declines

# Post-Acute Heat Map

Geographic variation and high utilization results in significant savings opportunity across post-acute landscape

## Medicare FFS PAC Utilization by State:

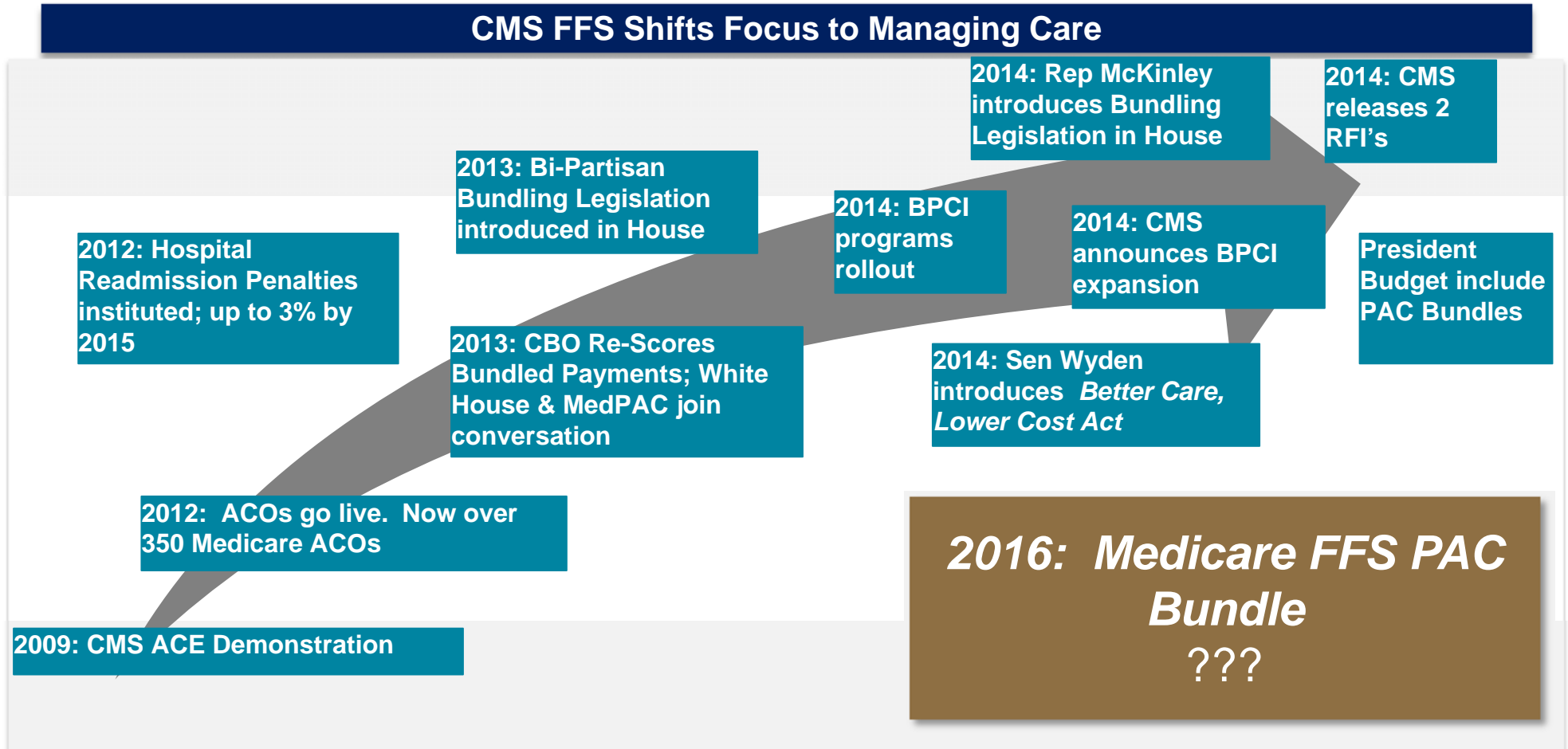
Per member per month spending for SNF, IRF, LTAC utilization



# Market Alignment

Continued momentum and legislative initiatives to transform Medicare FFS reimbursement system, and incentivize more efficiently managed PAC

## CMS FFS Shifts Focus to Managing Care



Other activity of historical relevance to the discussion includes the SNF Value Based Purchasing demonstration, Home Health Value Based Purchasing demonstration and the National Quality Strategy.

# An Introduction to naviHealth

- Risk partner for health systems, ACOs and health plans managing post-acute utilization
- Currently serving over 1.5 million Medicare Advantage members
- Partnering with five health systems on CMS' Bundled Payment Initiative ("BPCI")
- Over a decade of post-acute operating experience and clinical data and outcomes

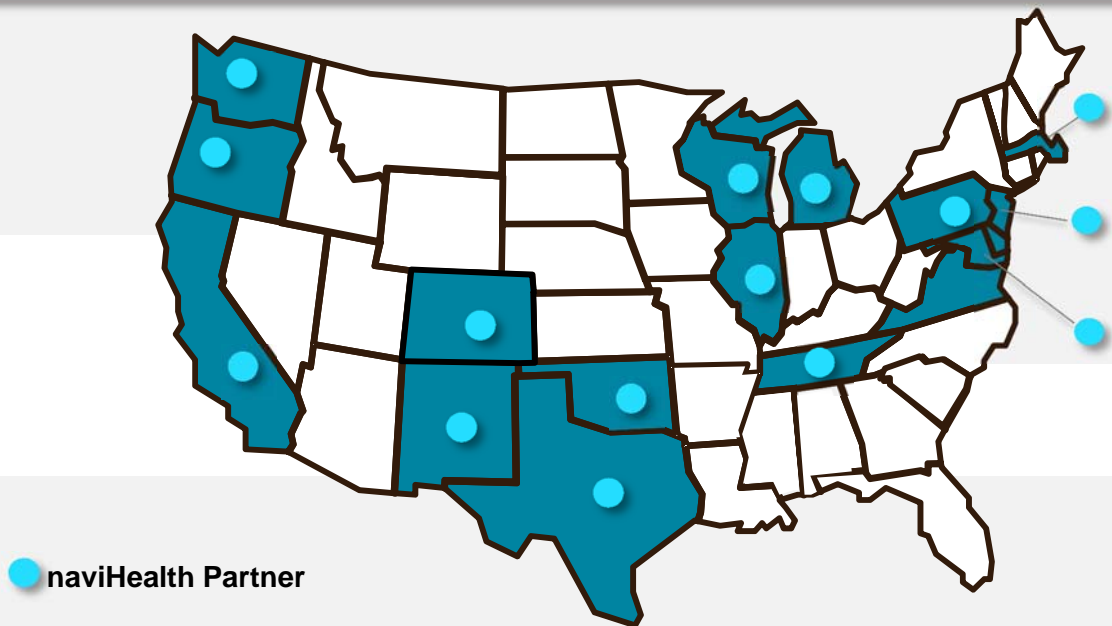


*Mission: To engage, empower and guide each patient in optimizing their personal recovery journey*

# Company-at-a-Glance

Optimizing post-acute care for over 14 years, naviHealth has achieved national scale through unmatched decision support and care coordination

## Current Market Presence



*naviHealth is the leader in driving post-acute management, technology and policy innovation*

## Leadership Team combining policy, provider and managed care expertise

- Tom Scully, *Chairman*
- Clay Richards, *President & CEO*
- Karey Witty, *EVP & CFO*
- Mark Tulloch, *EVP & COO*
- Rick Glanz, *EVP, Innovation*
- Kenneth Botsford, *MD, CMO*
- Carter Paine, *SVP Development*
- Maria Radonova, *Chief Actuary*
- Kelsey Mellard, *VP Policy*
- Tony Hughes, *VP Development*



# BPCI Program : Needs to Move Faster

A widespread initiative aimed at more efficiently managing post-acute utilization in the Medicare population

✦ CMS program incentivizing quality and financial alignment across the multiple services delivered to a beneficiary receives during a care episode

✦ Four models:

1. Retrospective Acute Care Hospital Stay Only

2. **Retrospective Acute Care Hospital plus Post-Acute Care (Model 2)**

3. Retrospective Post-Acute Care Only

4. Acute Care Hospital Stay Only

✦ **naviHealth went live January 1 as a Model 2 risk convener and signing up new partners for the January 2015 Go-Live**



Over 300 current BPCI participants

Source: Centers for Medicare & Medicaid Services

IOM Report

*naviHealth is currently signing on new partners for Model 2*

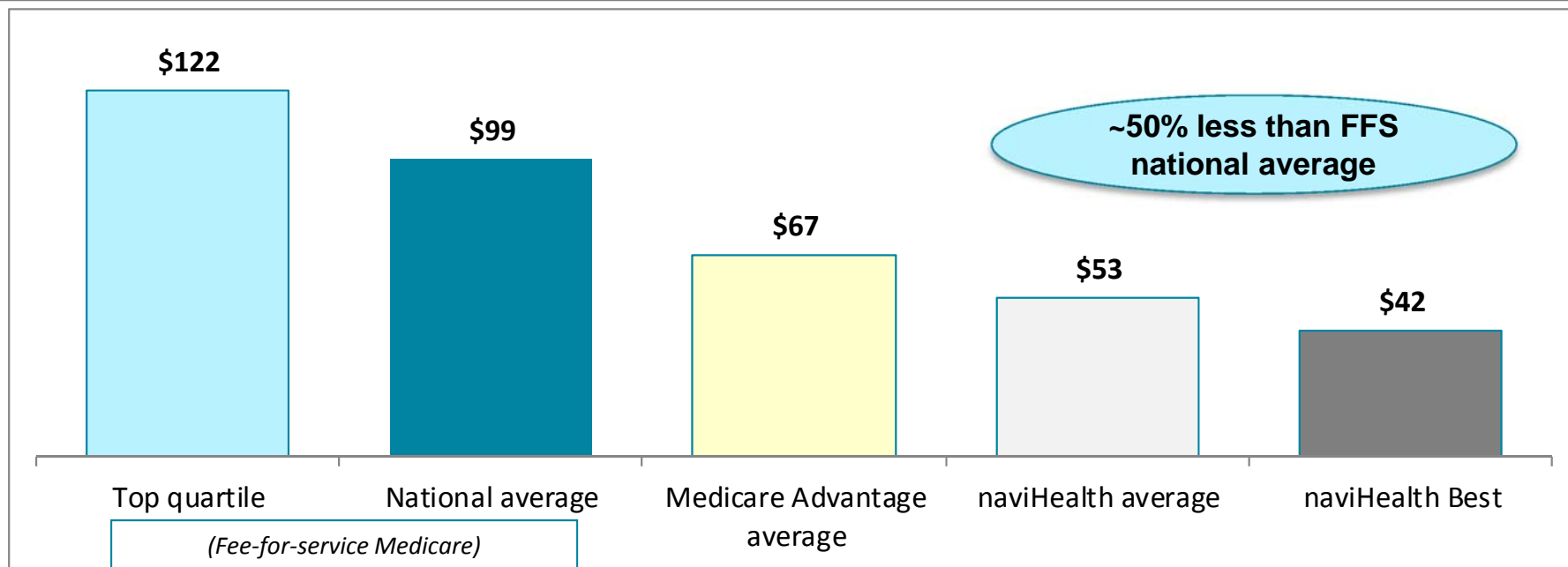


# naviHealth Post-Acute Value Proposition

Variation and overutilization of post-acute services offer significant opportunity to create better and more efficient outcomes

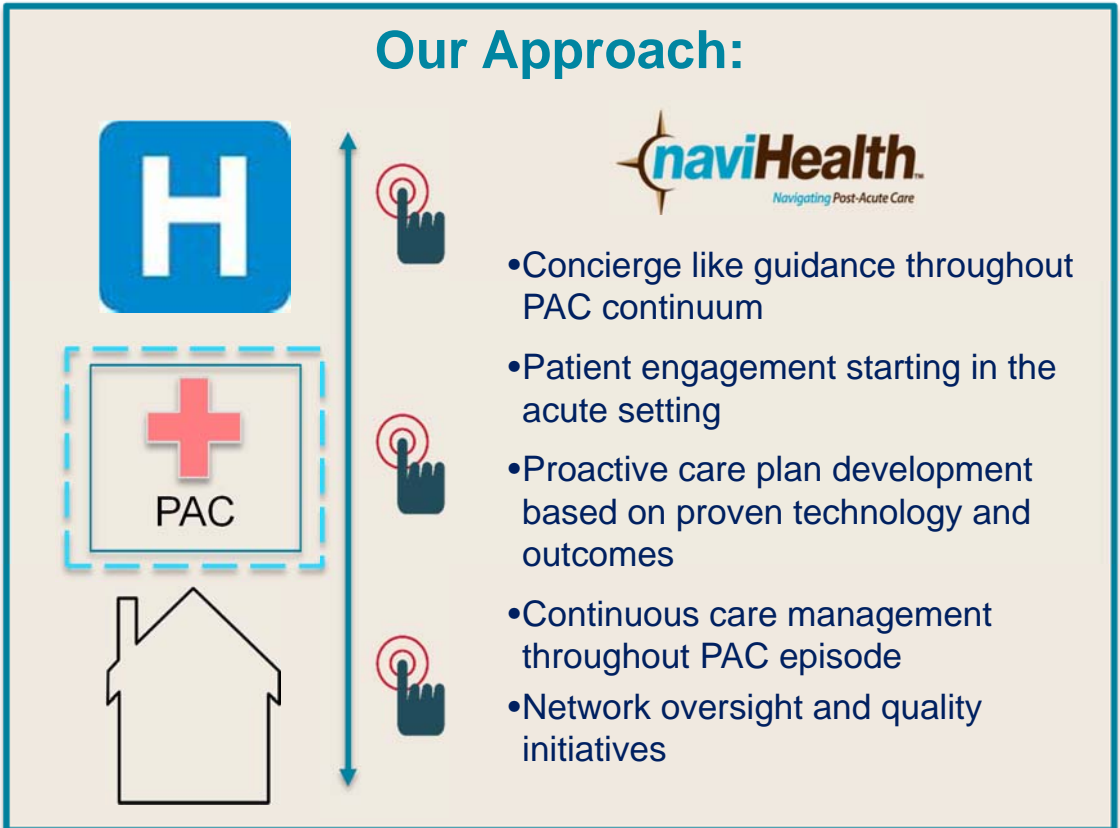
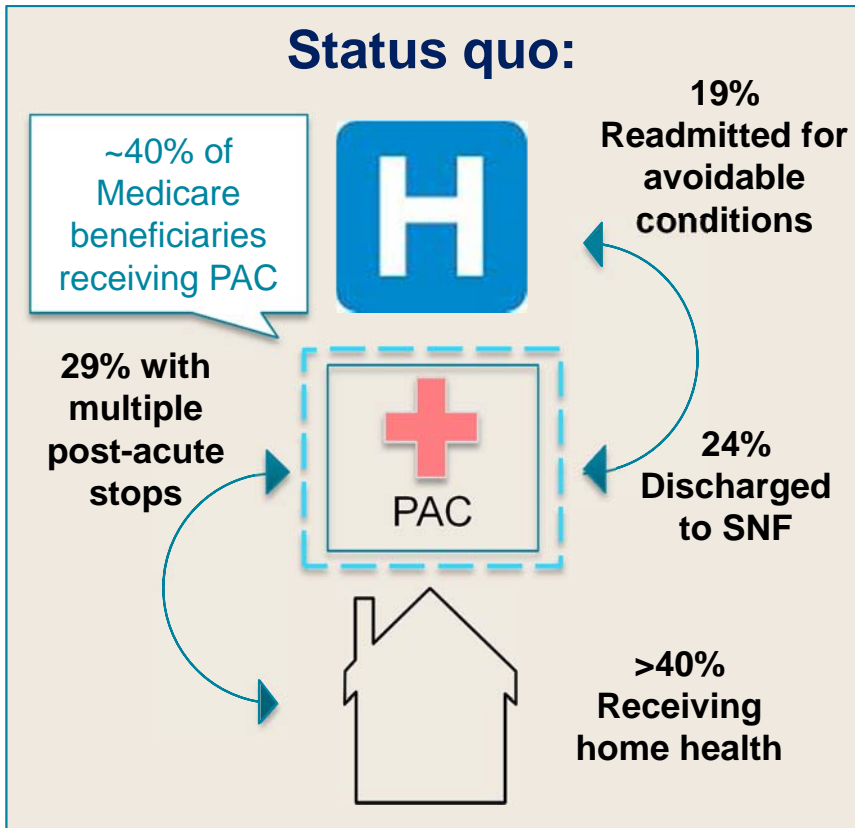
- Post-acute utilization, in the fee-for-service Medicare population, is substantially higher than other managed models
- BPCI opportunity can introduce coordinated data driven care to an otherwise fragmented and misaligned area of healthcare

Average LTAC, SNF, IRF costs per member per month (PMPM)



# A Differentiated Approach to PAC

naviHealth is changing the model, expectations, and outcomes for post-acute care through a longitudinal, data-driven and coordinated care approach



*Proactive, patient-centric solutions for better management of post-acute care*

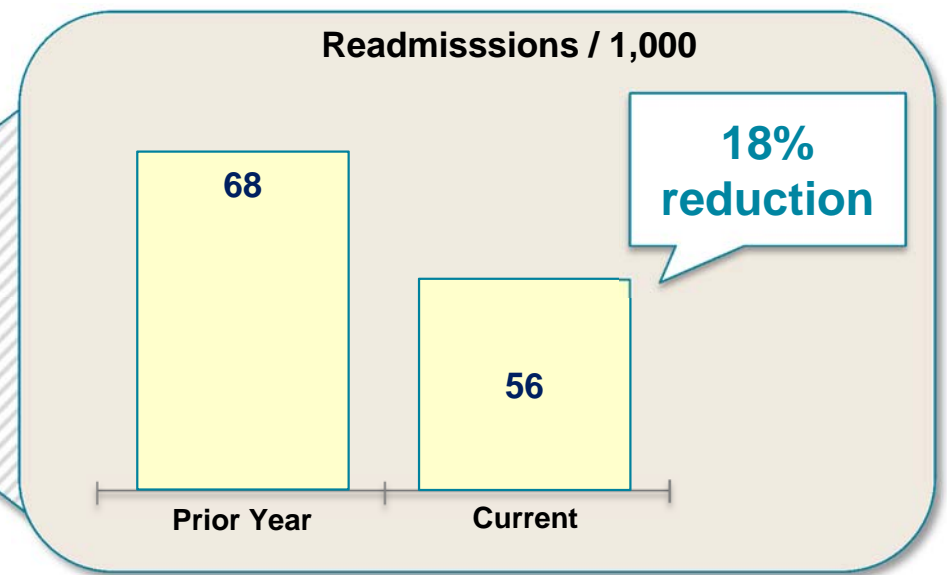
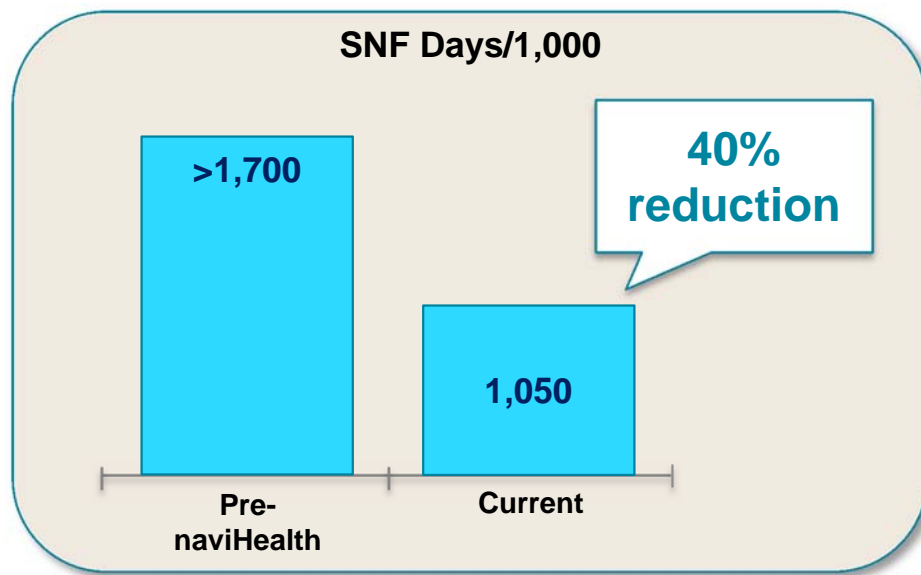
# Case Study: Recurring Client Value

## Situation:

- Multi product MA Plan with urban and rural presence
- Historically high readmission rate and SNF utilization; fragmented post-acute network

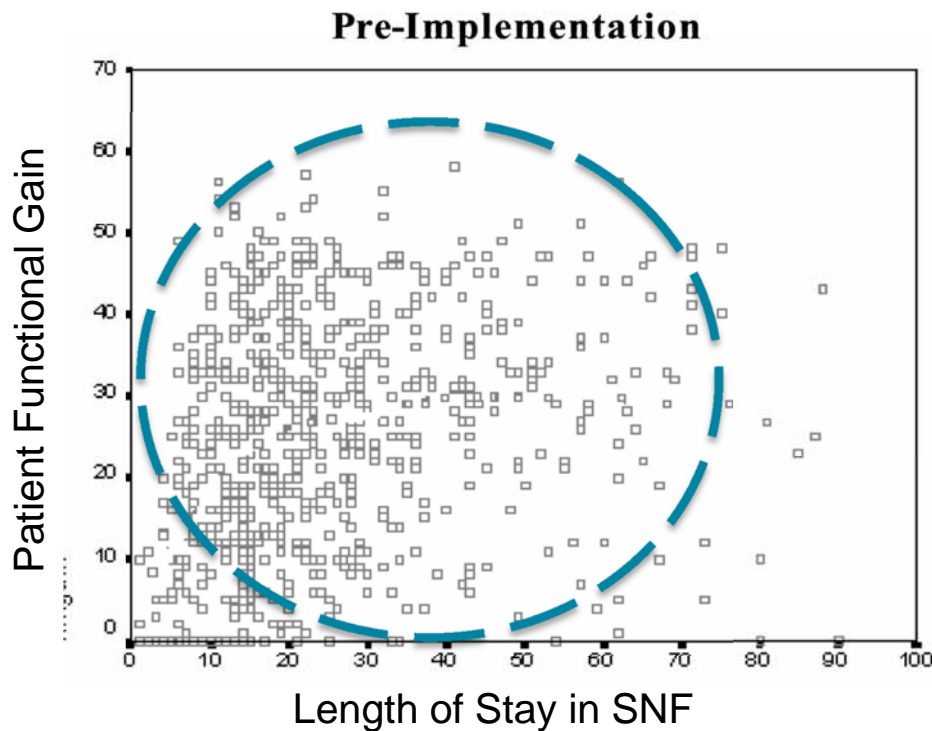
## Results:

- Year 1 SNF utilization reduction resulted in ~\$19 PMPM savings
- Plan expanded contract from SNF-only to a capitated model across all post-acute care (SNF, IRF, LTAC, HH and 60-day readmissions)

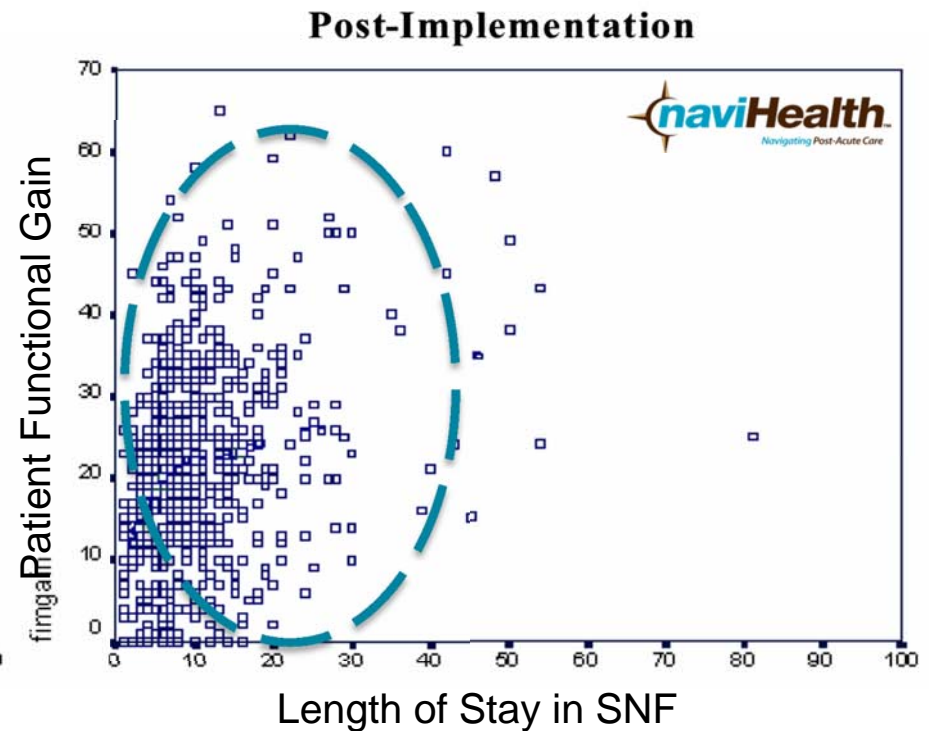


# Conquering Practice Variance

naviHealth utilizes a high touch approach, driven by proven technology, to improve patient outcomes and improve financial results for risk bearing entities



**Average Functional Gain: 12**  
**Average Length of Stay: 17.4 days**



**Average Functional Gain: 12 (unchanged)**  
**Average Length of Stay: 13.8 days**

# Facing the Inevitable

Given recent industry interest, CMS needs to advance the payment structure to align payment, improve outcomes and reduce variation

## Key Components of a Future Bundles Policy

- Convener lead
  - Bidding process utilizing current MSA for DME bids to identify 3 conveners per MSA
  - Hospital selects 1 of the 3 conveners
- Implementation for 10-50 MSAs: January 2016 and continue to expand through 2021 until Medicare rates deeming lifted
- Utilize current 48 episodes with a 90 day episode
- Prospective Payment
- Establish Risk Corridors similar to Part D
- Preserve Patient Choice
- Implement common patient assessment: CARE
- Identify uniform quality metrics
- Leverage waivers for improved quality of care and alignment of finances

# naviHealth: Key Takeaways

- **Increasing senior population paired with increasing post-acute demand**
- **CMS, providers and health plans increasingly seeking risk partners to manage post-acute spend**
- **Differentiated in market approach empowered by leading post-acute analytics platform**
- **Proven outcomes from over a decade of experience**
- **Operating at scale today - currently serving over 1.5 million Medicare beneficiaries in 17 states**