

HEALTHPRO®



HERITAGE

Spend Less on Therapy in 2020 & Beyond

REDESIGNING TOMORROW TOGETHER



The HealthPRO® Heritage team recognizes the significant financial challenges facing long-term care providers stemming – in large part -- from the impact of COVID-19; and we, as partners in the rehab sector, acknowledge our role in helping you to protect revenue and reduce costs during this critical time.

Hindsight is 2020

This time last year, skilled nursing providers were challenged to predict how variables associated with the PDPM reimbursement system would play out. Those providers who contracted for therapy services were presented with important decisions around pricing methodologies, contracting approaches, and estimating their therapy profitability.

We're pleased to report that the collaborative work done with our customer partners ahead of PDPM formulating PDPM pricing strategies/rates and estimating Part A therapy costs per patient day have been remarkably accurate.

Almost a year into PDPM and in the middle of COVID-19, it's clear many skilled nursing providers are seeing a higher therapy spend than anticipated and/or are entering a period of therapy contract reevaluation season. We believe timing is ideal for providers to consider options which may yield therapy cost savings and better alignment towards common goals in the new world. In short, providers may want to consider:

1. Test the market for more competitive rates
2. Leverage buying power as a multi-site chain provider
3. Assess therapy's contribution to revenue
4. Evaluate the initial PDPM pricing methodology's alignment
5. Compare the qualitative and fiscal values of therapy company offerings

Herein, we offer our views on how providers may be able to realize therapy cost savings and improve therapy margins as part of an overall financial strategy.

- **Test the market for more competitive rates.** The COVID-19 induced census and revenue declines combined with increased operating costs (PPE, premium contract labor, etc.) have left many skilled nursing providers battling to preserve profitability. In addition, the uncertainty of some PDPM contract negotiations in 2019 have left many providers paying above market therapy rates. Now is an opportune time to secure a detailed analysis of your program and talk with a progressive therapy partner about alternative proposals.

As part of this strategy, carefully evaluate costs associated with providing therapy to all payers (managed care, Medicare Part B, etc.), because even with a competitively priced PDPM fee schedule, providers may be at risk for overpaying on other payers. Uniquely, HealthPRO® Heritage balances overall costs by strategically accounting for a facility's payer mix.

- **For multi-site providers, leverage buying power & reduce costs by consolidating services** with one partner. With HealthPRO® Heritage, two options exist:
 - If your organization is contracted with multiple therapy providers, HealthPRO® Heritage is well-prepared to provide very competitive pricing for the portfolio to drive down enterprise-wide costs;
 - If your facility is contracted with a consultant, rely on HealthPRO® Heritage's growing Clinical Strategies Division to replace incumbent consultants and negotiate competitive pricing. Many of our current therapy partners have taken advantage of "bundling"

services, which has resulted in significant overall cost savings and enhanced net revenue capture.

Both Sides of the Equation: Revenue Opportunity!

In addition to spending less on therapy services, savvy providers should expect their therapy partners to have a vested interest in achieving optimal reimbursement capture, too. For example, HealthPRO® Heritage is committed to our partners' sustainability and provides advice, resources, tools, training and a 'roll-up-the-shirtsleeves' approach to *proactively* lead the key initiatives that help drive compliant revenue opportunity. Specifically: proprietary clinical tools directly contribute to reimbursement accuracy; strategic guidance helps partners adapt quickly and effectively to new regulatory guidelines; proven processes/workflows in clinical case management, billing, and triple check ensure our partners' reimbursement success.

- **With nearly a year's worth of PDPM experience, providers should consider Medicare Part A pricing methodology in the context of the current environment and their internal expertise.** Depending on the pricing methodology, atypically high nursing days and CMI related to COVID-19 patients may be inflating therapy costs if not properly structured. Additionally, providers with a contract based on the percentage of the full rate may be susceptible -- depending on their pricing -- to overpaying for therapy [as illustrated by recent data showing the dramatic non-therapy CMI rates resulting from COVID-19](#). Providers with either a flat per diem rate or cost per minute structure may find themselves upside down on therapy spend as well.

HealthPRO® Heritage was among the first to design and offer flexible options so partners could choose a pricing strategy and contract terms best suited to their goals. NOTE: The majority of our customers took advantage of a partnership arrangement that:

- Reflects patient mix and corresponding revenue capture;
 - Aligns success drivers between the customer & therapy provider;
 - Assures the therapy provider shares in downside reimbursement risks;
 - Guarantees the customer's therapy profit margin; and
 - Is easy to understand and invoice.
- **Assign fiscal and qualitative value to the services your therapy partner** provides (or doesn't). A true therapy partnership should offer a multitude of clinical, financial, and compliance value propositions to help providers remain whole and position themselves effectively in the market. For example, all HealthPRO® Heritage contracts provide for a suite of services and resources "beyond rehab" to holistically support partners' success, because a traditional therapy "blocking & tackling" approach is no longer sufficient in today's environment.

To truly compare the relative value of a therapy contract, consider the annualized cost savings [and upside opportunity] of having a therapy provider that offers the following adjunctive services without additional charges:

- Evidence-based clinical pathways (that assure efficient therapy utilization that drive optimal outcomes);
- Education, training & competencies for all IDT members (including Nursing);
- MDS & Clinical Reimbursement support;
- Technology (for POS documentation, outcomes tracking, reporting, etc.);
- Market analytics and census initiatives (to drive network development, census, and quality mix); and
- Clinical programming to optimize Star Ratings, Quality Measures, and healthcare reform initiatives (such as 2% VBP reimbursement incentive.)

Now is the Time to Achieve a Budget Win!

Many skilled nursing providers will need to restate budgets for the upcoming fiscal year in light of COVID-19. Now is the opportune time to consider a change in therapy partner to address rising costs and the relative value your partnership. As you carefully consider your options, talk with HealthPRO® Heritage about how our team can be part of your solution.

We invite you to learn more about how we can help position your organization for overall clinical and financial success in 2020 & beyond.

Contact us at info@healthpro-heritage.com.