CONSONUS
HEALTHCARE

Negotiating an Episodic Payment Model

DESCRIPTION

In 1983 the government moved hospital providers to an episodic reimbursement system based on diagnosis related groups, (DRGs). Why? Congress was focused on avoiding a potential exhaustion of the Medicare Trust Fund. The DRG system grouped patients by their principal diagnosis and other criteria in order to pay a single "lump sum" to the health system. The financial savings were tremendous.

SNF providers need to prepare for a similar "episodic" payment model. Under this payment paradigm, your key performance areas would shift to include: reduced lengths of stay, efficiently maximizing functional improvement, reducing readmissions, and gaining market share. A wise operator would also want to monitor "extraordinary episodes". While less frequent, the financial implications of these can be tangible. Understanding higher cost categories of their operations, (medication and therapy expense, and of course, labor), and extreme episode lengths, both short and extended, are just two examples. The ability to manage this effectively will depend highly on access to your live data, in order to make informed decisions.

The instructor hails from Portland Oregon, (a market heavily steeped in managed care). Over the past 20 years the Portland "short-stay" SNF marketplace has been running at over 65% managed care. The presenter's organization owns multiple long term care facilities as well as their own Managed Care Company. Given this background, attendees can gain valuable insights from this session, including:

- When an episodic payment model makes sense
- What motivates a Medicare Advantage Plan/Managed Care Payor
- The benefits of an episodic payment model
- How to achieve this unique form of payment modeling
- The importance of aligning goals with a managed care payer
- The impact on profitability/market share implications

LEARNING OBJECTIVES

1. Manage and understand your big cost drivers so you can make informed and calculated financial decisions.
2. Garner the negotiation skills needed to work with Managed Care Payers by packaging your pay-for-performance levers in a way the payers will understand so you can drive these conversations and create true partnerships.
3. Deploy best practices for tracking progress with the new KPI's.